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the NEWS SUMMARY

Too few police, says Mark

Shortage of manpower is the chief problem of the Metropolitan Police, states Sir Robert Mark, Commissioner, in his annual report for 1974.

Sir Robert emphasises that, but for the absorption of 320 officers from the British Airports Police, the force would have ended the year with 310 men fewer than in 1973.

However, he anticipates some improvement this year following a pay rise, the London allowance and what he calls the calculated risk of reducing the working week.

The Commissioner is disturbed by the level of crime among juvenile offenders and blames the reduced social stigma attached to crime, the raising of the school leaving age, increased rancidity, unattended houses and cars and fewer police on the streets.

Black sheep

He reports that 106 police officers left the force during the year because they were dismissed, were required to resign or resigned voluntarily in anticipation of criminal proceedings or to forestall disciplinary action.

Sir Robert discloses that some foreign embassies have special buttons to alert armed mobile patrols of Scotland Yard's recently formed diplomatic protection group. Too little punishment, says Lord Justice Lawton.

British Airways resumes services

British Airways is to restore most of its European and domestic flights out of London's Heathrow airport to-day. Full resumption is expected tomorrow. Passengers on British Airways' London-Glasgow shuttle can pay aboard from June 14.

Stonehouse still hopes to return

After learning that his wife had been informed in London that a Parliamentary debate—set for June 12—on a motion to expel him from the Commons could not be delayed, Mr. John Stonehouse, Labour, Welsh North, said he did not believe the "last word" had been pronounced by the House Select Committee on his bid to return from Australia.

60 pickets held in Madrid

Spanish police arrested more than 100 people in Madrid yesterday as thousands of police attempted to forestall any response to calls for a general strike by illegal political groups. At least 60 workers pickets were detained.

Saigon ready to name Cabinet

The Saigon authorities are expected to announce a Cabinet for South Vietnam's provisional Revolutionary Government before the week-end. Radio Hanoi said yesterday that North Vietnam would establish normal relations with the U.S. provided Washington respected the fundamental national rights and territorial integrity of Vietnam.

Grundy's Derby

The English-trained, Italian-owned, Irish-ridden and FT-tipped Grundy (5-1) won yesterday's £106,465 Derby first prize for Millin industrialist Dr. Carlo Vitadini. Report and to-day's racing, Page 2.

Briefly...

President Games of Portugal yesterday gave a four-day visit to France, Page 5.

Siegfried Sassoon's library fetched £107,919 at Christie's yesterday. Sale room, Page 2.

Heathrow airport's Terminal Two is to get an £8m. facelift. Page 8

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

RISERS	
Allied Retailers	74 + 8
Bank of Scotland	285 + 10
Boots	268 + 5
Bowater	177 + 7
British Home Stores	367 + 7
Bunzl Pulp	96 + 5
De La Rue	188 + 6
Edinburgh Ind.	13 + 1
Fisons	409 + 10
Glxco	429 + 14
Hawker Siddeley	286 + 8
Heavenly Bodies	60 + 5
Hickson & Welch	250 + 13
ICI	296 + 9
Johnson Matthey	245 + 16
Jones & Sons	49 + 8
Lloyds Bank	253 + 9
McLoughlin	185 + 13
FALLS	
Brooks Group	53 - 10
Culter Guard	17 - 4
Land Sec.	131 - 5
Margate Group	15 - 5
MBPC	125 - 17
P. & O. Ltd.	105 - 9
Southern Malayan	274 - 6
Wessex Holdings	224 - 14
West Rand Cons.	380 - 30

(FT stock indices and FT-Accumulated summary Page 4.)

Wilson calls for resounding Yes • Antis want 'Independence Day for Britain'

Jenkins urges high poll turnout

BY JOHN BOURNE, LOBBY EDITOR

WITH 40.5m. people entitled to vote on the Common Market issue to-day—the first referendum in Britain's history—both pros and antis said yesterday that they were confident of the vote as they said on the issue of more cheerfulness and civility than their opponents.

The pro-Marketeers' main anxiety is that if there is apathy and a resultant low turnout, followed by a close result, Sir Philip Allen, the chief counting officer, might have to order a national recount of the votes in the 68 counting areas of the country.

Sir Philip has already said he would consider this if the margin between the Yes and No votes is of the order of only 150,000.

The pros therefore concentrated yesterday on making the rallying call for a high turnout and a decisive vote. Mr. Roy Jenkins, the Home Secretary and Labour's leading pro-European, said: "What the No men hope for is a low turnout and a relatively narrow majority, on the basis of which they can continue the struggle."

He predicted that if this happened, uncertainty and confusion about Britain's future would be prolonged, and we should be prevented from playing an effective, constructive role within the EEC.

"If by chance the vote were to go wrong, Britain would get

up next Monday morning in a state of economic confusion and danger," he said.

Investment and export plans would be disrupted, the outlook for employment and inflation would be further worsened, "and we would have to face a large and rapid cut in our standard of living, for we could not then expect others to go on financing our overseas deficit."

Mr. Edward Heath, the former Tory leader, said that if by mischance there were a No vote, the country would feel within a few days the significance of a whole new dimension being added to its present danger.

"It is vital for our good name that we should bring to a decisive end the European debate, which has now lasted for more than 20 years in this country."

The Prime Minister, who intends to make major changes in his Cabinet whatever the result, said at his final campaign meeting in Cardiff last night that the



Wearing a flag of Europe sweater, Mrs. Margaret Thatcher, Opposition leader, holds a flaming torch at the start of an all-night vigil by the statue of Sir Winston Churchill in Parliament Square.

Chrysler strike ends, but Ford's problems increase

BY ROY ROGERS, LABOUR CORRESPONDENT

CHRYSLER U.K.'s car production should begin returning to normal from to-night following the settlement yesterday of the three-week pay strike by 4,000 workers at the company's key St.oke, Coventry, engine plant.

But for Ford Motor, another U.S.-controlled multi-national, problems built up yesterday when the Transport and General Workers' Union became the second major union to give official support to a six-week-old manning dispute which has halved Ford's vehicle production and made 5,000 idle.

It took a mass meeting of the Chrysler strikers just five minutes to accept their shop stewards' recommendation to end their strike which has cost some £35m. in lost production and caused 7,500 production workers to be laid off at the Avenger plant at nearby Ryton and at Linwood in Scotland.

As a result of the almost unanimous decision to return to work, the Ryton men have been recalled from to-night and those at Linwood from Monday.

Despite this resumption of work the pay issue has not been resolved. The company's wide-ranging proposals for worker participation have been rejected, although there is no doubt that stewards throughout all the company's factories will insist on an improvement before agreeing to give up their plant bargaining function.

Meanwhile the TGWU plans to make a fresh approach to Ford Motor management in a bid to resolve the strike by 80 door-hangers and fender-fitters which has halted all vehicle production

at the company's Dagenham complex.

This emerged yesterday after the union's executive followed the lead of the Amalgamated Union of Engineering Workers in giving the strikers official support.

Speaking after his executive's decision yesterday Mr. Jack Jones, TGWU general secretary, said he would ask Employment Secretary Mr. Michael Foot, to intervene in the union's new approach failed.

"We shall do everything we can to get the company to change its mind and allow the dispute to go to arbitration or an independent inquiry," he said, adding that the company's attitude in refusing to accept either of these suggestions was "unreasonable."

Because of the dispute, Ford has been unable to produce any cars since the end of April with the result that so far production of more than 13,000 vehicles worth over £26m. in retail terms has been lost and 5,000 other Dagenham workers made idle.

Other areas of the Dagenham complex which employ 24,000 in all are working near normally, however, producing components for Ford's other plants at Halewood, Southampton and Langley, where production of Escorts, Capris, and commercial vehicles continues unhindered.

There is little doubt that the industry's present market problems are a factor behind Ford's apparent reluctance to conclude an early settlement unless it is entirely on management's terms.

At the centre of the dispute are management proposals to reduce the number of door-hangers and fender-fitters from 28 to 18 for each shift.

Ford shop stewards see the management's hard line as further evidence of its determination to use the recession to carry out efficiency moves which the company warned of when its 287m. two-year pay deal was agreed last autumn.

That policy has already resulted in a two-day sit-in by workers at Ford's Swansea axle plant and abortive attempts by Dagenham stewards for a similar protest over the door-hangers' dispute.

Suez reopening will boost Egypt's pride

BY MICHAEL TINGAY CAIRO, June 4.

WITH DUE ceremony, the Suez Canal will be reopened to-morrow—eight years after its closure during the war of June, 1967.

The occasion is of undeniable psychological as well as economic and political importance both for Egypt and President Sadat. The Canal represents part of the Egyptian pride bought back at high military cost with the October, 1973, storming of the Bar Lev Line.

Economically, the reopening fits another piece into the jigsaw of Egyptian post-war reconstruction. Next year, observers here believe, estimates of \$820m. Canal revenue could prove correct, but there seems little doubt that the waterway will need six months before the most cautious shipowners are tempted through and even then it will not be certain whether tolls, pitched to attract the smaller oil tanker tonnage, will succeed in so doing.

What is certain is that the opening of the Port Said free zone, and the eventual creation

of jobs capable of supporting 1m. people will be an immense boost to Egypt's troubled economy.

Politically, whatever the successes of President Sadat's recent tour to mend Arab fences before the Salzburg summit, there are controversial prospects. The clouds of discord are gathering on the Arab horizons over the question of passage for Israeli cargoes.

Richard Johns writes: These are two unresolved issues which could create friction and discord. First, it is not known if Egypt will insist on the right of inspection of cargoes and, secondly, there is Cairo's qualification that goods going to and from Israel should be "non-strategic."

The Israelis insist that the Egyptian commitment gave carte blanche freedom of movement for Israeli cargoes. Quite apart from that, the term "non-strategic" could be interpreted in an open-ended way to include such vital commodities as oil.

Lifeline restored, Page 6

MEPC omits interim for first time after first-half £4.2m. loss

BY JOHN TRAFFORD, PROPERTY EDITOR

MEPC, one of the country's largest property companies, is not paying an interim dividend for the first time in its history following poor half-year results.

The company yesterday reported a loss of £4.2m. after tax and extraordinary items.

Sir Henry Johnson, the chairman, described the results as "extremely disappointing"—a view shared by the Stock Exchange, where the share price, which had risen to 154p ahead of the results, fell to 128p for a net loss of 17p on the day.

The chairman gave four reasons for the poor showing. First there had been losses in Belgium and Australia. Non-recurring losses of £304,000 on the Manhattan Center, Brussels, had resulted from the bankruptcy of Mr. Leon Levy, the guarantor of rents on the centre's midlet portion.

Provisions for losses had also

been made in the accounts because of the problems of Middle Harbour Investments, an Australian associate company active in residential development. A provisional liquidator had been appointed to manage the company's affairs, and efforts were being made to fund, sell or lease the main Sydney office development, the Exchange Centre, which is still over two years from completion.

Second, a book loss of £530,000 had been made against the value of a major U.K. housebuilding site.

Third, the Government-imposed freeze on business rents had been applied to U.K. properties throughout almost the whole of the period covered by the interim report. Costs had risen but income on existing properties had not.

Now that the freeze had ended, the company hoped to see an increase of some £3m. in rental income in a full year.

Finally, the company had discontinued the capitalisation of interest charges on U.K. development sites where there was no immediate prospect of development being started. This switch in policy had added over £3m. to reported costs in the half year.

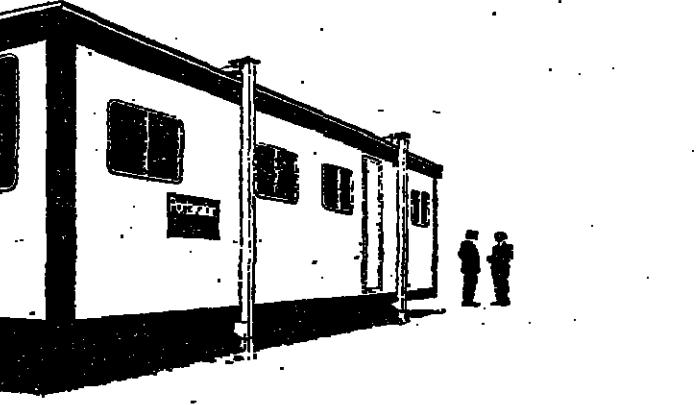
The change had been made because, in the present climate of high building costs, high taxation, penal rating on vacant property and relatively low market rents, there was little prospect of many sites being developed.

In cases where development was under way, however, the company would continue to capitalise its interest charges. Property deals reflect further investment upturn Page 8

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2
LOMBARD

Our honour—the giant red herring

BY C. GORDON TETHER

THE NATION is going to the polls to-day to make a decision of monumental importance for its future—one that could shape the destinies of its people for a 1,000 years.

It is of the utmost importance, therefore, that no one should allow their choice to be influenced by the pro-market forces started dragging across the trail once again during the past few days. Which is that, however, impressed one may be by the arguments for leaving the Community, one ought to vote to stay in because a Britain that "tore up" the Treaty of Accession would be perpetrating the unpardonable sin of "going back on its solemn word."

If we tear up this Treaty, do we expect the Community to come along and say: "Well, we have a fairly wide selection of other treaties for you to choose from," said Mr. Heath on Tuesday. The same message, with its clear intimation that Britain would be behaving very dishonourably in giving constitutional effect to a no outcome to the referendum, has been featured in almost every other Heath pronouncement on the EEC battle during the run-up to to-day's polling.

And it has been duly taken up by all sections of the pro-market chorus. In the obvious hope that it would deflect attention from the weakness of their case in relation to the real issues involved.

Extravagance

It is, of course, an emotive extravagance to talk of the Treaty of Accession being "torn up" as a sequel to a decision by the British public to pull out. As a number of distinguished lawyers have pointed out, the only sensible attitude of the rest of the EEC could be to regard such a development as a breach of contract, and to take steps to collaborate with the British authorities in giving effect to it. And that means that it would have to stand ready to negotiate a new agreement to "legalise" Britain's withdrawal without breaking any more bones than was absolutely necessary.

So there is no possibility of any "tearing up of solemn obligations" in the strictly practical sense. That is not the way these things are arranged in the "real world" of the pro-market. Insist on talking about when they want to make a point which they think will make a greater impact in that setting. And, even in the spiritual sense, a decision to go back on the Treaty taking the U.K. into the EEC could not be held, by any stretch of the imagination, to reflect the

slightest discredit on the British people. Let us be quite clear about this. The nation was taken into Europe without ever being meaningfully consulted—how could it have been when at every General Election in which the EEC question was featured in any form, all the three main parties showed themselves in favour of membership. Since the people unquestionably had a right to be given their say on a matter of such overwhelming importance to their future, the legal processes that took them in were wholly without moral validity from the start.

It is adding insult to injury for Mr. Heath and the pro-market forces in his own and other parties who aided and abetted this flagrant affront to democracy to argue that the electorate is not under an obligation to uphold the international consequences of their outrageous behaviour as a matter of honour. What was fundamentally immoral cannot be rendered virtuous by the passage of time.

Their worry

The nation at large is, therefore, under no obligation to the British Establishment to stand by the Treaty of Accession to the Community. A decision to pull out, since the matter has been touched upon in some of our recent reports on Continental attitudes to our referendum—that the same applies so far as the EEC countries are concerned. For anti-market forces want to great trouble when the Heath Government was completing plans to take Britain into Europe to draw their attention to the serious constitutional issues raised.

It is important to realise that, although the pro-market element in the Government is trying to portray the referendum as being concerned with a vote on the renegotiated terms, its real purpose is to give the public what it was wrongly denied before we went in—an opportunity to say whether it approves or not of the idea of Britain becoming a province of a European super-State. The right approach of the voter, therefore, is to see himself as making a decision on the meaning of that idea, and to vote for Britain to be taken into the Community in the first place, he should vote for withdrawal now.

The responsibility for any difficulties that might be generated in relation to our international commitments and otherwise by withdrawal rests squarely on the shoulders of those who organised Britain's unconstitutional involvement in the EEC in the first place. These problems are in no sense the voters' worry.

RACING

Richest Derby rewards winners

BY MICHAEL THOMPSON-NOEL

MONEY TALKED at Epsom yesterday, where the first three finishers in the richest three Derbies struck a profitable chord for three of the biggest investors in international racing. Dr. Carlo Vittadini (Grundy), Mr. Nelson Bunker Hunt (Nobiliary), and Mr. Ravi Tikko (Hanza Dancer).

For good measure, Anne's Pretender filled fourth place for Sir Charles Clere, who became contentedly. Grundy's streak-away win defied many of the pundits, but not the P.T.S. Dominic Wigan—and netted \$106,465.58, taking the colt's first-place earnings to \$168,147 and his price tag to around \$1.5m.

Dr. Vittadini, a 59-year-old Milan pharmacist and a well-travelled, owns 50 racehorses.

Last month he won the Italian Derby with Orange Bay. With Patch running in the French Derby at Chantilly on Sunday, 400 Grundy—again—in the Irish Derby at the Curragh on June 28, he stands a chance of pulling off the rich man's dream—four European Derbies in a single summer.

Grundy cost a knock-down 11,000 guineas as a yearling two years ago and started at 5-1.

Nobiliary, the first filly to contest the Derby since 1944, won \$21,430 second prize for Mr. Hunt.

His bloodstock holdings, spread between California, Kentucky, Europe and the Antipodes, are generally valued at around \$15m.

Mr. Tikko, who landed \$15,465, owns nearly 90 races, and said yesterday they were worth \$2m—“a 51m. capital improvement on what they cost me, to say nothing of prize money and intense personal enjoyment.”

Total betting on the race was estimated at around \$16m. Although Grundy was the second favourite, the bookmakers expect to break about even as the hot favourite, Green Dancer, finished only sixth.

For once, the Epsom crowd was noticeably thin at around 300,000. Police security on the racecourse and on the Downs was said to have been the stiffest ever. But there was not a breath of trouble.

Get ready for Get Ready

BY DOMINIC WIGAN

THE ITALIAN-OWNED, English-trained and Irish-ridden, proved himself a worthy winner of the 196th Derby when slugging his 17 rivals in yesterday's richest-ever running of the race.

Dr. Carlo Vittadini's Great Nephew colt, who was astutely purchased by the Milan industrialist's English racing manager, Mr. Keith Freeman, as a yearling, was always well placed to land the \$106,465 first prize.

Racing easily alongside Fidon in early stages, some three lengths behind the leading group made up of Anne's Pretender, Carolus Red Regent and Hobnob, Grundy was brought with an immaculately-timed run by Pat Eddery a quarter of a mile from home to challenge Anne's Pretender, and from that point onwards it was simply a question of by how far he would win.

At the line Grundy, a 5-1 chance, had three lengths to spare over fast-finishing Nobiliary, with another late arrival on the scene, Hanza Dancer getting the better of Anne's Pretender for third place.

The 64 favourite, Green Dancer, from France, was never going well at any stage, and it is hard to imagine what caused his dismal showing. He made a little progress in the final quarter of a mile but was well beaten.

Turning to to-day's World Wildlife programme at Epsom, the most valuable race is the John Moores Wildlife Handicap (3.10), for which \$5,000 in prize money is added. The two that interest me most are Reformed Character, sent down from Denys Smith's Bishop Auckland establishment, and Gavin Pritchard-Gordon's course winner, King's Equity.

Reformed Character, the mount of Sandy Barclay who has

been associated with several of Smith's Northern runners in recent weeks, ran deplorably on his reappearance this season when tailed off in Newmarket's

EPSON
2.30—Twenty-Two Carat
2.35—Fragrance Cocktail
3.10—King's Equity
3.40—Get Ready
4.15—Barretstown
4.45—Royalty

CARLISLE
6.45—Fast Lane
7.10—Buckfastleigh
7.40—Uncle John
8.05—Likely Boy

Babraham Handicap. However, he left that form well behind on his most recent outing when he took second place in the highly competitive Vaux Gold Taskard at Redcar, and he is clearly returning to form.

King's Equity, one of the five course and distance winners in this field, has run reasonably on

each of his three appearances in the present campaign, following up good, though unplaced, efforts at Newmarket's Craven and Guineas meetings, by taking third place behind Huzzar in the David Dixon Gold Cup at York on Sunday, 23 June. He comfortably got the better of the fourth placed Dancer.

With 6st 12 lb, King's Equity has a 2 lb advantage over Reformed Character, and this may just enable him to deal with his rival.

Although he has four previous winners to beat, I do not visualise Mr. David Robinson's once-raced Get Ready failing to maintain his unbeaten record in the Acorn Stakes (3.40) sponsored by the Atlantic Assurance Company.

On her debut, Bruce Raymond's mount had a great deal in hand when defeating Corrie-foel and 13 others at Newmarket a month ago in almost a second faster time than the season's leading two-year-old, Royal Boy.

SALEROOM

SIEGFRIED SASSOON'S library fetched £107,919 at Christie's yesterday. The bulk of the library, which included a large number of Sassoon's own original manuscripts and printed books, as well as books, manuscripts and autograph letters from other important writers, went to the specialist New York dealer, El Dieff.

Letters from E. Blunden to Sassoon made the top price of the sale at £4,800. The letters were purchased by El Dieff, who also gave £4,300 for letters from T. E. Lawrence to Sassoon, most of which are unpublished.

BY DOINA THOMAS

The London dealer, Quaritch, paid £3,000 for the autograph manuscripts of some Robert Graves poems, including six copies of Portrait of a Painter, four of them considerably corrected.

In spite of El Dieff's heavy buying, the Imperial War Museum managed to acquire three items for moderate prices. It paid £850 for letters from Sassoon to Robbie Ross, £500 for First World War correspondence to Sassoon's others, and £250 for some further letters and postcards—one incomplete letter contained two war poems, Dawn in Flanders and St. Floris.

ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN, 8.00. 1911. Tonight & Mon. 7.30. Macbeth. Tuesday & Wed. 8.00. The Merry Wives of Windsor. Thursday & Friday 8.00. The Merry Wives of Windsor. Saturday & Sunday 8.00. The Merry Wives of Windsor.

THEATRES

DUCHESSE THEATRE, 8.00. 1911. Tonight & Mon. 7.30. Macbeth. Tuesday & Wed. 8.00. The Merry Wives of Windsor. Thursday & Friday 8.00. The Merry Wives of Windsor. Saturday & Sunday 8.00. The Merry Wives of Windsor.

PRICE OF WALES

QUEEN'S THEATRE, 8.00. 1911. Tonight & Mon. 7.30. Macbeth. Tuesday & Wed. 8.00. The Merry Wives of Windsor. Thursday & Friday 8.00. The Merry Wives of Windsor. Saturday & Sunday 8.00. The Merry Wives of Windsor.

CONCERTS

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Brazil's nuclear 'exclusive' peaceful

EUROPEAN NEWS

French Left leaders set date for 'summit' meeting

THE OPEN ROW between France's Communists and Socialists that earlier this week appeared to threaten the future of their Union of the Left coalition has been refused with the announcement that the two party leaders are to meet for their long-delayed "summit" on June 18.

On Monday, Communist party leader M. Georges Marchais challenged M. Francois Mitterrand's desire for the meeting, which it is hoped will settle the growing differences between the two opposition partners.

The Socialist-Communist split has of late taken an extremely serious turn as each party intensifies its support for its Portuguese counter-part. And as the situation in Lisbon has deteriorated, the inherent rivalry between French Socialists and Communists has increased. The recent closure of the Portuguese Socialist newspaper Republica at the alleged insistence of the Communists there has polarised Left-wing opinions in France.

The forthcoming talks between M. Mitterrand and M. Marchais—their first for over a year—are to be held on the relatively neutral ground of the Leftwing Radical Movement's headquarters. M. Robert Fabre, who is leader of the party which is the third and smallest member of the Union of the Left, is also to take part in the summit.

In spite of their personal jealousies, the Socialist and Communist leaders are likely to work hard at hammering out a joint position over Portugal. Because the situation there all too clearly raises the spectre of France going the same way in the event of a Union of the Left win in the 1978 Parliamentary elections, both men must be eager to repair the damage. So far, the bitter quarrelling between the two coalition allies can only have convinced the electorate that the two parties would eventually vie for absolute power.

Friendly relations between the two leaders and the development of further joint Left-wing policies to be added to the coalition's common programme of reforms will no doubt be the order of the day on June 18, but it is unlikely that the summit will cure the bitterness between the rank and file of both sides.

Costa Gomes pledge on NATO

PRESIDENT FRANCISCO da Costa Gomes of Portugal arrived here this afternoon to begin a four-day visit to France—and at once restated his Government's pledge that it will respect its existing treaties, and above all membership of the North Atlantic Alliance.

Today's is the first official trip that the Portuguese President has made since he replaced General de Spínola as head of state last autumn. The visit is doubly timely in that it serves to demonstrate not only Portugal's place in the West but its position in Europe as well.

In his speech of welcome, President Giscard d'Estaing hailed the occasion as "a step by Portugal towards Europe."

There is no doubt that the two rounds of talks between the two leaders will be very friendly in tone.

The main topic indeed is likely to be the future of ties between Lisbon and the Common Market. In a few weeks the EEC is due to decide whether and how to extend the existing trade agreement to include financial and industrial co-operation.

However, these closer links, the Community Foreign Ministers made crystal clear in Dublin last week, are conditional on the development of real democracy in Portugal, and President Costa Gomes will be at pains to dispel fears on that score.

Portugal Assembly: lively start

COMMUNISTS, Socialists and there are only four—were pressing for parity representation on the committee, which has the draw up a single list of officials for the new Constituent Assembly, thus hopefully avoiding bickering on the floor of the house over election of a speaker and deputies.

Fireworks have already broken out in Portugal's Constituent Assembly, barely 24 hours after the inaugural opening session on Monday, as the Communist-dominated MDP-CDE, backed by the Communist Party, tried to extract agreement from Deputies for parity representation on the first Assembly committee to be elected.

MDP-CDE deputies—of which Democrats who, between them, won 52 per cent of the April 25 vote.

The parity move is being viewed with gloom by Socialists who are interpreting yesterday's Communist and extreme Left tactics as part of a concerted strategy to disrupt Assembly proceedings.

It is too early yet to speak of a definite line-up in the Assembly, particularly since the Popular Democratic Party (PDP) new Secretary-General has shown signs of trying to outflank the Socialists on their Left, which might lead to tactical temporary line-ups of the PDP with the Communists, unlikely though this yet appears.

Belgian jet decision on Saturday

BRUSSELS, June 4. BELGIUM now says it will decide on Saturday whether it wants to give the \$2,000m. "arms deal of the century" to the makers of the U.S. F-16 jet fighter or to France's Mirage F1. A Cabinet Meeting today failed to agree.

Denmark, Holland and Norway have all said they will buy the U.S. General Dynamics F-16, provided Belgium does so.

The Premier said Ministers would have further discussion on the outcome of a meeting in Washington on Monday between U.S. Defence Secretary James Schlesinger and the Belgian Defence Minister, M. Paul Vanden Boeynants.

Adriatic oil discovery

PARIS, June 4. THE French oil firm ELF-ERAP today announced it has discovered oil in the Adriatic off the coast of Italy but added further tests will be needed to assess the find's commercial significance.

ELF is the drilling operator for an international consortium including BP's Italian subsidiary, France's Agip and Italy's ENI.

An initial drilling in March, 15 miles offshore from the Adriatic port of Vasto, in 262 feet of water brought up heavy quality oil whose presence has been confirmed by a second drilling nearby, the company said.

UN MOVE ON SPANISH SAHARA

By Our Own Correspondent UNITED NATIONS, June 4. DR. KURT WALDHEIM, the UN Secretary-General, has agreed to use his good offices to try to resolve the dispute over the Spanish Sahara, it was announced today. He will visit Algeria, Mauritania, Morocco and Spain between June 9 and 13.

W. GERMANY WILL MAKE GREEK LOAN

By Our Own Correspondent ATHENS, June 4. WEST GERMANY will grant Greece substantial economic aid in the form of a loan, Professor Xenophon Zolotas, governor of the Bank of Greece, said today. The governor said the amount of the loan and its terms will be finalised in the next fortnight.

EEC's first directive on banking submitted to select committee

BRUSSELS, June 4. THE COMMON Market's first attempt to introduce common rules governing some aspects of banking is being examined by a Council of Ministers select committee.

The draft directive, which embraces broad regulations covering the establishment and regulation of banking business in EEC member states, is intended to be a framework into which detailed and specific regulations could be fitted. The Commission is hoping for the adoption of the regulation by the Council of Ministers before the end of the year, though this hope may be over-optimistic.

One of the major purposes of the draft directive is to establish precisely what institutions should be covered by its terms. The Commission has simply referred to institutions that take deposits and lend money, although it has suggested that institutions which could only be brought into the framework of the regulations with difficulty could, at national request, obtain a delay of execution.

The British side in the discussions is likely to urge that this first directive should embrace only "hard-core" banks—the clearers and acceptance houses—and exclude for the moment institutions such as building societies.

Another difficult area is that of authorisation. The draft is worded so that a bank in one member state could obtain prior authorisation to function as a fully-fledged bank in another state before actually setting up shop. The British, along with a number of other member Governments, would prefer a more gradual approach, perhaps incorporating some form of "apprenticeship" before an institution got the go-ahead to conduct the whole range of banking business.

However, the U.K. side is endorsing one essential concept in the draft directive, which is that a contact committee drawn from the banking supervisory authorities in member states plus Commission members should be entrusted with applying the directive and, more importantly, taking the initiative in amplifying it and suggesting broad lines for further measures of banking regulation "convergence" (to use the word which has replaced "harmonisation" in the Community's vocabulary).

Arrests follow Madrid strike call

MADRID, June 4. MORE THAN 100 arrests were made in Madrid this morning as thousands of police attempted to forestall any response to calls for a general strike made by illegal political groups. Official sources admitted that at least 80 workers' pickets had been detained and dozens of students arrested when they left the University campus in an attempt to demonstrate in the city centre. The three Madrid universities were all virtually halted by a boycott of classes organised both by students and lecturers.

During the past week the city has been deluged by literature from these-called "Junta Democrática"—which groups together the Communist Party, the Partido de Trabajo, and other smaller factions—urging three days of "struggle" against the "fascist dictatorship." There were reports this morning of strikes hitting a number of factories, including the large Kelvinox plant where 2,000 men were employed. At least 25 construction companies were affected and a number of plants in the metal-working sector.

Public services, however, remained largely unaffected. Leading into the centre of town were extensively patrolled and water cannon moved up to potential flashpoints.

Little hope for new Cyprus talks

By MALCOLM RUTHERFORD THE TALKS on the future of Cyprus resume in Vienna today with little hope of substantive progress. The general air of pessimism exists despite the meeting in Brussels last Saturday between the Greek and Turkish Prime Ministers, Mr. Karamanlis and Mr. Demirel.

The outcome of that meeting is now being summed up as "atmosphere cordial, results nil"—a formula already applied to previous meetings between the Greek and Turkish Foreign Ministers. On Cyprus, they remain far apart and too hampered by their own domestic opinion to make progress.

The Vienna talks, like the previous session last month, will be attended by Mr. Glafkos Clerides for the Greek-Cypriots and Mr. Rauf Denktaş for the Turkish-Cypriots. Dr. Kurt Waldheim, the UN Secretary-General, will also take part.

Both Mr. Denktaş and Dr. Waldheim made statements yesterday warning against expecting any decisive results. Mr. Denktaş is accusing the Greek-Cypriots of duplicity in continuing to press complaints against the Turks at the European Commission on Human Rights in Strasbourg.

According to Mr. Denktaş, 12 or even June 20.

Finns call election in September

HELSINKI, June 4. PRESIDENT Urho Kekkonen of Finland decided today to call a general election on September 21-22, six months before the due date. This was no surprise, for the dissensions within the four-party, Left-centre coalition Cabinet reached the point of irreconcilability some months ago.

Premier Kalevi Sorsa's Government automatically offered its resignation, but agreed to stay on in a caretaker capacity until certain urgent legislation has been passed by Parliament. It will then be succeeded by a non-political caretaker Cabinet and Parliament will be dissolved, probably on June 13. The new Parliament will meet on October 1.

This brings to an end a long period of political uncertainty in Finland.

Anti-inflation package plan

DUBLIN, June 4. THE DUBLIN Government, in a series of three special Cabinet meetings which started here to-night, is expected to finalise the broad lines of a counter-inflation package to be presented on Friday afternoon to a meeting of a newly appointed working party on the economy.

The Government hopes that the working party, made up of senior economists, Ministers, representatives of the Confederation of Irish Industry, the trade unions and the farming organisations, will endorse the Cabinet's proposals, although the proposed measures are, in fact, likely to meet trade union resistance.

FRENCH DIVORCE BILL APPROVED

PARIS, June 4. THE NATIONAL Assembly today approved by 381 votes to 34 a new liberalised divorce law for France which brings in divorce by mutual consent. One of the innovations introduced by reform-minded President Giscard d'Estaing, the new procedure allows couples to end their marriages after a minimum of six months and a compulsory waiting period of three months. In contested cases, a divorce can be obtained after six years of separation.

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OVERSEAS NEWS

The Suez Canal reopens to-day, eight years after its closure at the time of the 1967 Arab-Israeli war.

Alain Cass and James McDonald report on

The problems of a shipping lifeline restored

THE SUEZ Canal re-opens to-day after eight years in which world shipping has geared itself to do without the waterway to such an extent that, in some ways, it finds the canal's renewed availability an embarrassment. Representatives of the shipping and insurance industries will be at the re-opening ceremony to present official congratulations. But no more than a cautious welcome has come so far from many individual ship operators who, at least in the short term, believe that the waterway will set one more problem for a world merchant fleet suffering from a surplus of tonnage.

At the most cautious estimate some 440 oil tankers totalling about 31m. dwt—or over 12 per cent of the world tanker fleet—are now unemployed as a result of the oil price rises which began 18 months ago. There is a further large surplus hidden in the hundreds of tankers "on charter" or "awaiting employment" in the Gulf. Added to this is the very big order book held by the world's shipyards which, despite recent cancellations, still amounts to well over 100m. tons on contract.

A superficial analysis of the Suez re-opening, which could cut thousands of miles from the journey of a ship able to use the Canal instead of going round the Cape, would suggest that another third, in tonnage terms, of the world's already over-sized tanker fleet would become superfluous. But this ignores a major factor—changes in the size of tankers since the 1967 closure. At present, the majority of the world's tanker tonnage would at present be unable to go through the Canal.

Another fallacy is the assumption that European exporters selling to the highly coveted Middle East markets will send all their goods by ship through Suez. The closure of the Canal

brought increased traffic—and capacity—on a number of alternative routes, quite apart from the long sea route via the Cape. Thus one freight forwarding organisation, the MAT transport group, offers about ten different ways of moving cargo to the Gulf. There are two overland rail routes linking Western Europe with Middle Eastern countries—one through Russia and the other through Turkey. In addition there are two main road routes through Europe to the area together with ship-road-rail facilities.

East customers often willing to pay more for speedier delivery—a number of Arab buyers want the goods delivered yesterday—these overland routes will still be in favour at transit prices of up to £200 per ton. The Suez route to the Gulf will gain on price—probably at a transit cost of between £50 and £100 per ton—but delivery of goods could be considerably delayed, depending on the Gulf port of delivery. Some are free from congestion and modernised but others, notably those where most of the Gulf imports go, are already suffering from severe congestion.

Thus, in some ways, the Suez Canal is opening at a bad time. The momentum towards peace in the Middle East is, at best, faltering one. The Canal itself will not be able to work at full capacity for some weeks, even within its present limited potential of draft and cross section, and perhaps crucially, it is making its come-back at a time when shipping, and especially tanker, markets are very depressed.

Before the Canal was closed in 1967 some 13 per cent of world trade went through it. Since then, the balance of trade between areas east of the Canal and the Mediterranean, the North Atlantic and the Caribbean, has increased vastly. As a result,

on the most optimistic assessments, the maximum amount of traffic which could be diverted via Suez has been estimated at 17 per cent of seaborne trade, of which around 80 per cent could be accounted for by crude oil movements.

But since the closure (and because of it to some extent), the dramatic transformation in world tanker fleets, has made ships of over 200,000 dwt. the

offers a possible route. This, indeed, is the expectation of the Canal Authority, which does not expect traffic to return to its pre-1967 levels for some time.

It is also taking a conservative view of the growth of crude oil shipments which might use the Canal (very largely traffic from the Gulf to Europe and North America). For Middle East oil exports to Europe the projection is a sharp drop in growth from

by Lambert Bros. Shipping, this would give a total potential Suez Canal oil traffic increase between 1973 and 1981 of around 4.3 per cent.

These constraints, and those imposed by the current 17-foot draft of the waterway have been taken into account by the Canal Authority in the way it has fixed its charges. Apparently regarded as realistic by the shipping community these are the equivalent

of the Canal's position in the context of world shipping. In 1967, the Canal was still to some extent a central feature in international seaborne trade, determining trade routes as well as ship sizes. The basic question

asking itself recently is whether this is a position which the Canal is ever likely to regain—and, if so, how?

The Authority's determination to make a real go of the Canal, one suspects, spurred by President Sadat, who sees in the Canal, among other things, a desperately needed life-line for his struggling economy, is to some extent reflected in the level of dues. "We were faced," a senior official said, "with an immediate choice in assessing how much to charge. Should we, as suggested by some of the consultants we hired, go for what the market even in its present depressed state might bear, or should we be more modest, and try to attract a larger slice of the potential traffic with lower dues? Should we, in other words, maximise traffic or revenue?"

In deciding which course to take, the Authority was fundamentally influenced by the belief that the Canal must, if it is to help Egypt as much as it is to be helped, become a developing asset opposed to a static asset. Another Egyptian official put it this way: "The viability of the Canal does not just mean \$450m. a year to us. We believe the greatest investment Egypt can make in a political sense is to open the Canal and make it work as well as ever whatever the constraints."

Even despite its present limitations, the Canal should be a useful and profitable asset for the Egyptian economy. The dry cargo fleet operating on that run, as well as the growing fleet of container vessels built since 1967, to fit the Panama Canal (these can be accommodated by Suez without

difficulty, though the Far Eastern container ships are an exception). Though some fleet superintendents might argue that Suez could take bigger ships now, the realistic limit set by the Authority is 60,000 dwt. by weight tons laden and 150,000 dwt. in ballast.

The saving for the average dry cargo vessel could be considerable, with 1.2 per cent lopped from the distance between northern Europe and West Australia at one extreme and over 60 per cent axed from the shorter runs from South Asia and the Middle East to both northern and southern Europe. This would, for example, mean a combined gross saving on fuel and time charter costs on the round-trip of around \$4.57 per ton of cargo for a 60,000 dwt. tanker. For smaller ships, shorter runs using the Canal both ways, the saving would be up to \$2 a ton more. So far as smaller tankers of 100,000 to 150,000 tons are concerned, it may be, as some shipowners have suggested, that a handy one-way ballast trade may develop.

The Canal Authority is acutely aware of the present size limitations and has said repeatedly it intends to proceed with development projects as swiftly as time and money allow. The second stage of the Canal improvement programme, to be completed in 1978, will give it a draught of 53 feet allowing it to accommodate up to 150,000 dwt. fully laden, and 300,000 dwt. ballast vessels.

The additional volume of traffic resulting, again according to Lambert Brothers, could be in the region of 17m. to 20m. tons, taking the total potential up to between 37m. and 40m. tons (of which 60 per cent would be oil and 15 per cent dry and general cargo). Work on the initial stages has already started with the dry excavation of the

Canal's east bank. Pentecost Dredging of Japan has won a contract to undertake initial dredging operations.

The next stage, currently only a feasibility plan, which the Egyptians insist, be finished in 1981 raising the draught to 67 feet and taking the potential tonnage a year to between 70m. and 100m. tons, with fully-laden VLCCs able to use the route. The Canal could then have between 17 and 23 per cent of world seaborne trade within its banks.

The state of the tanker market then and the question of whether the economics of super-tankers will make it any cheaper for them to use the Canal rather than the Cape route entirely, are, however, a matter of conjecture.

A crucial issue, until the Canal proves itself, must be the attitude taken by insurers. It is likely to change, responding both to market forces and the political conditions in the Middle East, but initial indications are that so far as London is concerned, insurers (chiefly described by one of their members as "notoriously optimistic") are prepared to give the Canal the benefit of the doubt.

In some respects the insurance view is a fundamental barometer of the Canal's continued success might be judged. For given that the Canal authorities and the shipping world hold the prevailing wisdom that the waterway, however important, is unlikely ever again to dominate seaborne trade as it did pre-war, the essential question must be whether, once it will stay open or whether political conditions in the Middle East will again deteriorate to the point where war becomes inevitable and the Canal is closed again. And that is a question not likely to be answered for the same time.



The Minelighter, HMS Sheraton, in the Suez Canal with the West German ship Nordwind, the second ship to leave the Great Bitter Lake of Suez Canal after being trapped for eight years.

House likely to adopt Kenya murder report

BY JOHN WORRALL

NAIROBI, June 4.

KENYA TO-DAY was stunned by the Parliamentary Select Committee's unprecedented report on the March murder of Mr. J. M. Karuki, the popular MP.

All Kenya's newspapers carried the report to-day and were sold out before 9 a.m., so strong is public interest in the Karuki affair.

The Aga Khan-owned Daily Nation published the report in full, but Lomro's Standard, under its new African Editor-in-chief, Mr. Henry Gathigira, omitted vital sections such as the committee's call for a sacking of the Police Commissioner, Mr. Bernard Hinga, and other senior officers, and the suspension of to-day for the freedom with

which the report was distributed yesterday.

"This couldn't happen in any other country in Africa," said one foreign diplomat. "No other country could afford to have its top police brass attacked in this way."

The Committee took a copy of its report to the President, Jomo Kenyatta, yesterday afternoon before it was tabled. A photograph of him smiling with the Committee and holding up one finger in the Kanu victory gesture was published in to-day's newspapers.

The Government-controlled Tanzania Radio to-day reported that the name of a prominent Cabinet Minister whom the Committee thought should be investigated was omitted from the report.

Crowds stood round Parliament buildings in Nairobi to-day where the report was being debated. There is every possibility that this extremely outspoken new Parliament will approve the motion adopting the report.

But it is not known what the Government will do in the light of the committee's call for the suspension of the senior police-men.

It is also a matter of speculation here what the reaction of the students of Nairobi University will be when they return to their lectures on Monday. The university has been temporarily closed after the savage campus riots last week.

Kenya's Parliament defeated a Government attempt to postpone the debate on the report. Vice-president Daniel Arap Moi and the Attorney-General, Mr. Charles Njonjo, sought to postpone debate to give more time to study the report, but their move was defeated overwhelmingly by a voice vote.

Suez: Israel ship rights 'up to Geneva'

BEIRUT, June 4.

EGYPTIAN PRESIDENT Anwar Sadat said in a television interview shown here to-night that the question of letting Israeli ships use the Suez Canal could only be decided at the Geneva peace conference.

He told Lebanese television he believed it unlikely Israel would attack the area of the canal, which is being reopened to international shipping to-morrow, and said any Israeli attack on a canal town would be regarded as an attack in depth on Egypt. Asked whether Israeli ships would be allowed through the waterway, Mr. Sadat said: "The 1888 Treaty of Constantinople stipulates that if there is a state of war between any state and Egypt, its ships will not pass through the canal."

Asked whether there was a specific price for Israeli ships being allowed use of the canal, Mr. Sadat replied: "That can only be at the Geneva conference and in the final solution in the presence of all parties."

"If Israel fulfils all its commitments under (United Nations Security Council) resolution 242, we shall fulfil our obligations under resolution 242," he said.

Washington: Mr. Daniel Moynihan, nominated Ambassador to the United Nations, said to-day the U.S. should freeze all its contributions to the world body and refuse participation in the General Assembly if Israel is expelled.

Sinai pull-back complete

TEL AVIV, June 4.

ISRAEL TODAY completed a partial pullback of troops and weapons from the Suez Canal area and insisted on being able to send its cargoes through the waterway in the future.

The rollback of 3,500 men and 15 tanks into new positions further back in the Sinai desert was finished overnight, Defence Minister Shimon Peres told reporters.

As the canal reopens to-morrow for commercial shipping after eight years, Israel's nearest heavy guns will be 20 miles away—out of range of the waterway.

All missiles except anti-tank weapons were also removed from Israel's limited-forces strip east of the United Nations buffer zone set up in last year's disengagement agreement with Egypt.

Arab summit off

CAIRO, June 4.

THE LATEST Middle East peace moves have prompted postponement of the Arab summit conference in the Somali capital of Mogadishu, the Arab League assistant secretary-general, Dr. Safef Nofa, announced here to-day.

He said 11 of the 20 League member states had informed the League they favoured putting

off the summit, which had been scheduled to open on June 23, until later this year.

Talks on economic and political co-operation between the Arab countries and the EEC will open at the Arab League's headquarters here on Tuesday, the League's assistant secretary-general, Mr. Mohamed Farra said meanwhile.

South Vietnam Cabinet expected to be announced shortly

SAIGON, June 4.

THE SOUTH VIETNAMESE authorities are expected to announce the composition of a new cabinet in the next few days, according to reliable sources.

The cabinet could be announced as early as Friday or Sunday, Friday is the anniversary of the formation of the Provisional Revolutionary Government (PRG) in 1968.

Several high-ranking North Vietnamese officials have been visiting Saigon from Hanoi over the past two weeks, holding discussions with PRG officials.

After the lightning victory of the PRG forces last month, speculation here has centred on the question of whether North and South Vietnam would be immediately unified under one government.

A unified government at this time would undoubtedly be heavily loaded with North Vietnamese and most PRG officials are opposed to such a unification, the sources said.

Many also feel that Saigon would be in a better position to solve its economic problems if it remained a separate entity for some time.

A recent foreign Press report said South Vietnam would remain neutral for five years before joining with the North and Saigon itself would remain virtually a free port. But an authorised source refused to confirm this story when questioned.

Sources said the general security situation, particularly in Saigon, has also helped to postpone a PRG Cabinet. The official newspaper Giai Phong (Liberated Saigon) has referred to reactionary elements continuing to hinder the revolution and urged people to purge the country of them.

The sources expect the two top positions in a PRG Government will be held by PRG Advisory Council chairman Nguyen Huu Tho and PRG chairman Huynh

Tan Phat. Mr. Tho delivered the key speech in victory celebrations held on May 15, although Mr. Phat is widely believed to have been the most powerful figure in recent developments.

Radio Hanoi said to-day that North Vietnam will normalise relations with the U.S. if Washington respects the fundamental national rights and territorial integrity of Vietnam.

The Radio, monitored in Hong Kong, was quoting Prime Minister Pham Van Dong in his address opening the session of the fifth National Assembly in Hanoi yesterday.

Eight Americans and four others captured during the first attack of the PRG offensive in March are all alive and well under detention in the Central Highlands, reports reaching Saigon said.

Reuter, UPI

Thai withdrawal agreed

BANGKOK, June 4.

THE U.S. to-day told Thailand it saw no problems in Thai plans for the withdrawal of all American troops, Prime Minister Kukrit Pramoj said.

After a 45-minute meeting with Mr. Philip Habib, U.S. Assistant Secretary of State for Asian and Pacific Affairs, he told reporters he had stated his Government's wish to have all American troops out of Thailand.

"They said there would be no problems," Mr. Kukrit said. About 7,500 U.S. servicemen are due to be pulled out this month, leaving less than 20,000 men whom the Thais want out within

a year. All 17 remaining B-52 planes will also fly out by the middle of the month.

Mr. Kukrit said they had discussed ways of improving Thai-U.S. relations, which have shown signs of strain in recent weeks, on the basis of strict equality.

Vientiane: The last few dependents of the 142 U.S. Government personnel left in Laos flew out to Thailand to-day. U.S. sources said the number of American officials here would soon be cut to fewer than 100.

Reuter

Fighting in Ethiopia

BY OUR OWN CORRESPONDENT ADDIS ABABA, June 4.

REPORTS REACHING Addis Ababa speak of several days of heavy fighting between Government troops and followers of Sultan Ali Mireh in the east of the country near the border with the French territory of the Afars and Issas. The heaviest fighting is said to be centred in and around the town of Asaita. The headquarters of Sultan Ali Mireh before he fled to neighbouring Djibouti with his family earlier this week.

Many people are said to have been killed and wounded on both sides and one report said Government aircraft had been brought into action against the Afar force.

There has been so far no indication of what started the fighting but the Afars, also known as Danakil, are known to be less than enthusiastic about the Government's land reform programme which effectively nationalised all rural land holdings.

Fighting breaks out again in Cabinda and Angola

LUANDA, June 4.

FRESH OUTBREAKS of fighting were reported to-day in the oil-rich enclave of Cabinda and the Northern Angolan coffee town of Cammona after week-end clashes in which 11 people died.

Shooting broke out yesterday, in and around the town of Cabinda and its airport was closed. The authorities said order had been restored but unconfirmed reports reaching here to-day said fighting had resumed.

A Luanda businessman in contact with a branch office in Cabinda said Portuguese residents this afternoon were evacuating their homes, offices and shops and seeking safety near the harbour under the protection of Portuguese and integrated liberation movement forces.

The Luanda newspaper O Comercio said to-day 11 soldiers of the rival National Front for the Liberation of Angola (FNLA) and the Popular Movement for the Liberation of Angola (MPLA) were killed in clashes there at the week-end.

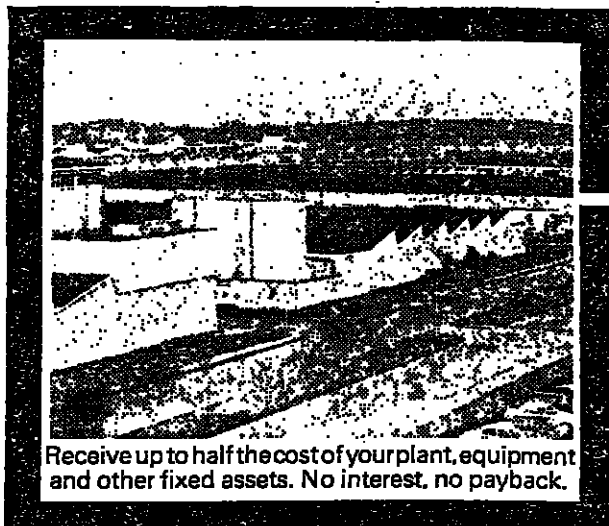
At least 29 soldiers and civilians were said to have been wounded in Cammona and other casualties were evacuated to Luanda.

A spokesman for the Cabinda Gulf Oil Company said it was evacuating its 200 personnel from its Melongo terminal in Cabinda, the centre of its operations there.

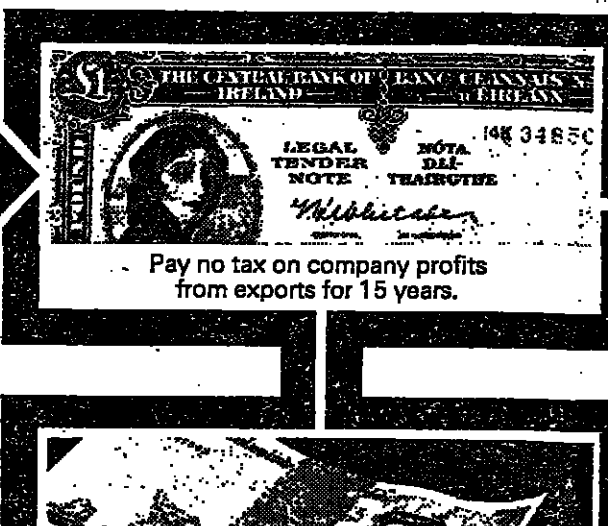
The company, a subsidiary of the American-owned Gulf Oil Company, is the main exploiter and exporter of Cabinda's oil reserves.

He said that the MPLA controlled the town of Cabinda after fighting yesterday and to-day but that the townpeople had converged on the port in the hope of being evacuated in case FNLA soldiers of the rival National Front for counter-attack.

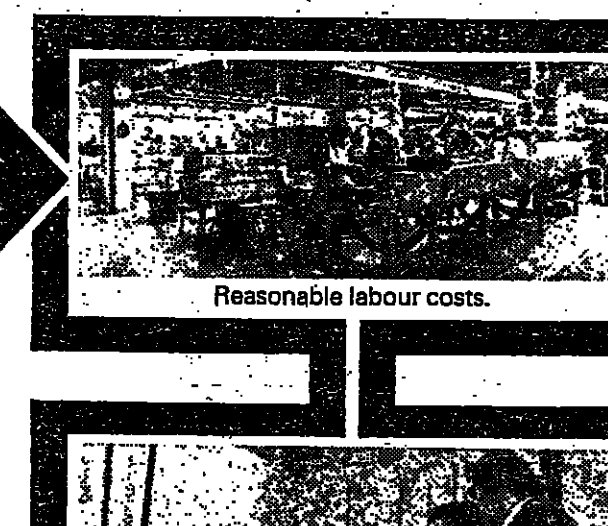
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IDA Ireland INDUSTRIAL DEVELOPMENT AUTHORITY

In 1974, new-plant investment in Ireland by overseas companies was more than double the previous year's recorded total.

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HOME NEWS

Domestic appliance sales expected to drop 20%

BY SANDY McLACHLAN

DROP IN sales of up to 20 per cent. is forecast by the domestic appliance industry following the production in the Budget of a luxury 25 per cent. VAT rate according to a National Economic Development Office survey.

The survey was undertaken by working party of the Electrical Engineering Economic Development Committee. It shows that the industry regards introduction of the new tax rate as a "tragic step" and as a major cause in the decline of sales to the bad old days of the purchase tax system—when the domestic appliance sector was discriminated against and used as a regulator.

On the evidence presented to it by companies in the electrical appliances sector, the working group of the EDC says that it is concerned about what it sees as "a serious setback to the achievement of growth and stability for the sector."

About half of the respondents indicated that they expect to revise their investment plans in the light of the VAT change. There is also "some disturbing evidence of companies cutting back—or abandoning, investment projects, involving a cut-back in employment."

The survey covers 49 companies in the domestic appliance sector. A preliminary analysis of results from the 10 major

companies shows that the majority expect domestic demand to be down by 10 to 20 per cent., compared with previous sales projections. Some respondents were gloomier still and looked for a fall in sales of between 20 and 50 per cent.

Customs and Excise, which is responsible for the administration of VAT, yesterday moved to prevent traders attempting to charge a fee to the Department for acting as unpaid tax collectors for the Government. It issued a statement which pointed out that in law there is no provision for a VAT trader to receive from the Customs and Excise any amount in payment for the cost to him of meeting VAT requirements.

Therefore, any VAT-trader who included such an amount in a VAT return would be furnishing an incorrect return. If this resulted in underpayment of VAT or excessive repayment, Customs and Excise would be bound to recover the sum in question and to consider whether an offence had been committed.

Traders should be aware that the general effect of the VAT accounting arrangements is to give them an average 24 months to obtain payment from their customers before accounting to the Customs and Excise. This operates particularly favourably for retailers who are trading wholly or mainly on a cash basis," the statement concludes.

Rise in demand seen for man-made fibres

FINANCIAL TIMES REPORTER

HOME IMPROVEMENT in demand for man-made fibres by an autumn, and a sharp upturn next year because of the need to fill an empty pipeline, are forecast yesterday, at the annual meeting of the British and Made Fibres Federation.

Mr. Cyril Colton, the retiring chairman of the federation, said the industry had once again put on an exemplary performance in the export field in 1974, increasing its sales by 30 per cent. and giving an export surplus of 18m in man-made fibres, yarns and fabrics.

Mr. Colton's remarks come shortly after the industry published its latest output figures showing that production in April, as in the first three months of this year, is running at 25 per cent. below 1974 levels.

The depression affecting the industry was blamed by Mr. Colton on the worldwide textile slump, one of the effects of which had been depressed selling onto the more open textile markets such as the U.K. The industry was faced with inadequate selling prices at a time when huge rises were taking place in the cost of raw materials and labour.

Mr. Colton criticised the government's refusal to accept the British textile industry's plea for temporary restrictions on low-priced imports and the Board of Trade's Office. The proposed assisted stockpiling scheme that had been suggested and backed more of a hastily drafted reply than a carefully thought out policy.

He said it was difficult to see stations.

ALL CHANGE AT FORT WILLIAM

BRITISH RAIL is transferring its passenger facilities at Fort William to a new Transport Centre half a mile from the old station next Monday.

When complete, the centre will include a bus station and a Highways and Islands Development Board Tourist Office. The project is sponsored by the Scottish Development Department and involves the construction of a new ring road and demolition of the existing rail and bus stations.

Building societies net receipts £300m.

BY MICHAEL CASSELL

BUILDING SOCIETIES continued to pull in large sums of money from the investing public in May, although the record performance established in April was not repeated.

Provisional figures indicate that societies managed to attract something in the region of £300m. in net receipts last month, and although this would be well below the quite exceptional April total of £406m., it would still rank as the second-best monthly figure achieved. A year earlier net receipts reached only £93m.

Societies anticipated that the net receipts for June will show a further deterioration because of implementation of lower interest rates for investors from the beginning of this month. The rate of interest paid on Ordinary shares fell from 7.5 per cent. (11.19 gross) to 7 per cent. (10.77) on June 1 and some adverse, though possibly temporary, effect on inflow is expected.

The index-linked savings scheme for pensioners was introduced this week, offering a rate of interest in line with the prevailing rate of inflation after the first year on sums of up to £500. Next month further competition will arise in the form of a save-as-you-earn, index-linked scheme offering similar interest rates to people willing to save up to £20 a month for four years or more.

The societies are waiting anxiously to see what effect the new schemes have on their ability to attract funds, although

Imperial workers' hopes rise

By Arthur Smith

HOPES ARE rising in Hull of a rescue scheme for the Imperial Typewriters factory, where workers have been conducting a sit-in protest since closure more than 15 weeks ago.

Workers' representatives travelled to London yesterday for talks with Department of Industry officials about the interest expressed in the future of the plant by a British marketing organisation.

The Department last night refused to identify the company but said "exploratory talks" had been held with the workers' representatives. The Hull men are expected to submit their final proposals for a rescue scheme to the Government in light of the talks.

The emergence of the unnamed marketing organisation could be significant as the selling of the typewriters, particularly to the U.S., has been seen as an important stumbling block for any new operation.

Imperial is a subsidiary of the U.S. company, Litton Industries, which announced in January that it was to close its plants at Hull with the loss of 1,400 jobs and at Leicester where 1,800 were employed. Workers at both factories have since been seeking Government backing for a rescue scheme.

Plans prepared by the Leicester workers, with the help of management consultants Urwick Orr and Partners, are already under consideration by the Department.

CBI guidelines on company disclosures

BY JOHN ELLIOTT, LABOUR EDITOR

A RECOMMENDATION that all companies should prepare at Board level a policy on the disclosure of information to employees and to trade union representatives was issued yesterday by the CBI.

The CBI also warned that "powerful and legitimate constraints" on the provision of information should not be regarded as justifying a generally restrictive approach.

"Companies should bear in mind whether the consequences of failing to provide information might not be more damaging in industrial relations terms than the dangers of such information becoming common knowledge," declared the CBI in its Industrial Relations Bulletin published yesterday containing the recommendations.

This is the first time that the CBI has gone so far as to state publicly what information companies should hand over, and in the Bulletin it lists the topics for possible verbal and written disclosure under two main headings. Under "information about the company as a whole," it lists the organisation of the company, finance, competitive situation and productivity, and plans and prospects. Under "information relevant to employment," it lists manpower, industrial relations, pay and conditions, and the immediate work situation.

Ex-chief of Miles Druce ends GKN link

By David Bell

The former chief executive of Miles Druce, which fought a long and in the end unsuccessful battle against a take-over bid from GKN about 18 months ago, has severed all connections with GKN.

Mr. J. G. J. Tyndall, who promised at the time of the takeover to stay on until Miles Druce was successfully integrated with GKN, intends to pursue other interests including offering himself as a consultant to companies who wish to reorganise

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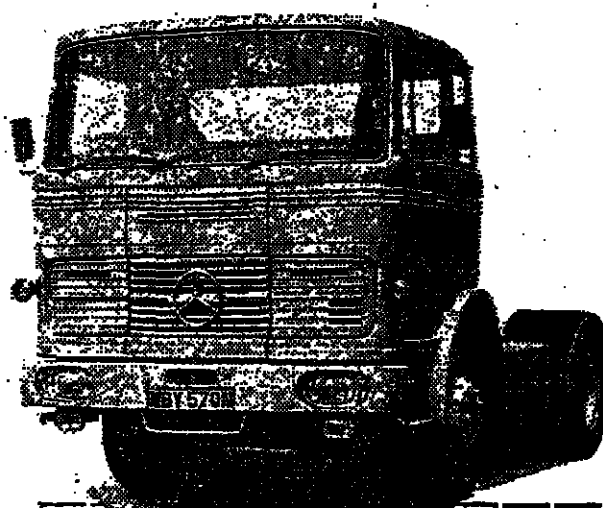
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Leyland in tools supply talks

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

PROBLEMS WHICH might arise over the supply of U.K.-made machine tools to British Leyland, when it begins its major investment programme have been discussed at a meeting between representatives of BL, the Machine Tool Trades Association and the Department of Industry.

The MTTA asked for the meeting to establish, first, whether the BL demand for machine tools will be as great as the machine tool manufacturers have been expecting, given the £200m. it will have to spend.

Apparently the company still has to finalise its ideas, but Mr. Howard Barrett, director general of the MTTA, said last night: "We now know that there will be a reasonably steady investment pattern as far as machine tools are concerned and that the investment will be of some significance."

The MTTA put forward the idea that in view of the scale of proposed expenditure, the BL investment programme could be used to counter the worst effects of the cycle of demand which the machine tool industry has to suffer.

It was realised, however, that his was only one factor that the company might take into account when deciding on the timing of investment.

"All we can hope for is that it will be possible for the phasing of the order input to be favourable from our point of view," said Mr. Barrett.

Robert Maxwell loses Scottish News post

BY CHRIS BAUR

THE FIRST signs of strain began to show yesterday in the "workers' co-operative directing" the month-old Glasgow Scottish News, which was launched with a £12m. Government loan.

At its first shareholders' meeting, since the paper went on sale, publisher, Mr. Robert Maxwell, who has invested about £25,000 in the project, was re-elected as a member of the governing works council, but was not reappointed co-chairman of the enterprise.

Mr. Maxwell later said he had bought his reappointment as co-chairman, with composer Mr. Alister Mackie, would be automatic, but Mr. Mackie reminded him that he had resigned from his post some time ago.

Mr. Maxwell's re-election to the

shareholder works council came after a seventh nomination was added to the list of candidates. Mr. Maxwell's re-election meant that he ousted the engineering representative, Mr. James McNamara.

He admitted that there had been disagreements between himself and shop-floor representatives of the co-operative. These concerned his views on increasing circulation and advertising content. The disagreements would not affect his investment in the project.

The "audited figure" for the paper's circulation in its first three weeks gave a daily sale averaging 235,000, he said, though there have been indications that the sale has since fallen well below that figure.



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HOME NEWS

Property deals reflect further investment upturn

BY JOHN TRAFFORD, PROPERTY EDITOR

SIGNS of an upturn in commercial property investment were further strengthened yesterday by news of three purchases totalling nearly £7m. A pension fund has bought from the quoted property developers Argyle Securities an office block called Avon House North in Bristol. The price was about £3.5m., which makes the deal one of the largest recently announced. The biggest deal for months, announced yesterday, was Norwich Union Life Insurance's purchase for £6.7m. of the interests of Taylor Woodrow and Capital and Counties Properties in Birmingham's New Street Station shopping complex.

Asda Securities in association with Sun Alliance and London Insurance group have sold their newly reconstructed office block, Chiswick Green House, West London, to the building contractors George Wimpey for £3m. Wimpey intends to use the building to house 250 or more staff needed to handle its much increased overseas workload. The company already has many offices in and around Hammer-smith.

P.O. plans £250m. boost for international phones

BY OUR INDUSTRIAL EDITOR

THE POST Office is to spend £250m. over the next five years on improving Britain's international telecommunications links. The investment will nearly triple the number of telephone circuits which link Britain with the rest of the world, increasing them from today's 7,600 to 20,000 by 1980. Mr. Michael Ford, head of marketing and service development in the PO's external communications executive, yesterday explained that the programme

was needed to enable the Post Office to keep ahead of the "staggering" growth in telephone calls. Each year they increased by 30 per cent., equivalent to doubling every four years, he said. Over the last five years the Post Office has spent £90m. in boosting telephone switching and transmission capacity. Mr. Ford said at "Telecommunications '75," an international conference and exhibition being held in Brighton.

Nuclear credit bank is now fully established

BY MICHAEL BLANDEN

A SPECIALISED consortium bank to provide international financial services in nuclear energy development has been set up with Barclays Bank International as the U.K. participant. International Nuclear Credit Bank, formed last December, is now fully established. A wholly owned subsidiary of International Nuclear Finance Holding in Luxembourg, the bank is headquartered in Paris. Its initial capital is F.Fr.10m., fully paid, and its chairman and chief executive is M. Maurice P. Bonnet. Initially the bank will be concerned with major capital projects in connection with nuclear power. But it has much wider terms of reference, embracing

the finance of all stages of the development of fissile material from exploration and the development of uranium mines to the construction of conversion, enrichment and reprocessing plants, together with the development of new applications in nuclear technology. The bank is backed by a group of international banks, each holding 10 per cent. of the Luxembourg parent. Besides Barclays, they are Algemeine Bank Nederland International, Banca Nazionale del Lavoro, Bank of America, Banque de Bruxelles, Banque de L'Union Europeenne, Banque Nationale de Paris, Dresdner Bank, Sumitomo Bank and Union Bank of Switzerland.

Too little punishment says Lord Lawton

BY A. H. HERMANN

LORD JUSTICE Lawton said too little use had been made of punishment over the past 70 years. When he delivered the ninth Riddell Lecture in London yesterday. He said the gradual reduction of reporting on criminal proceedings by the Press, meant the erosion of information that helped form public opinion and bring "all aspects of rottenness in the life of the community" under examination. Lord Lawton made it clear that a judge, when sentencing, had to pay attention to public opinion. Evidence for the law was lowered when sentences were considered too lenient but if they outraged public opinion by being too severe a criminal might be turned overnight into a martyr.

He illustrated the judge's dilemma with the example of baby stealing. When sentencing a child stealer the judge was not entitled to speculate what led the offender to her actions. He must base his conclusion on the evidence. There must be psychiatric evidence which explained why the crime had been committed and to what extent, if at all, the offender could control her impulses. Those who have uncontrollable impulses should not be punished for what they were impelled to do but women who could or would not control their impulses

to take other women's babies were a menace and the public was entitled to protection. Judges had a duty to provide the protection. If the offender was mentally ill the best protection lies in hospital treatment, but the decision was for the doctors not judges.

Lord Lawton said judges could not give the lead to the public unless they could communicate with them. The only channel of communication was the Press. The public interest might be aroused if a judge's comments were reported and judges had to rely on the press, television and the radio for most of what they knew about the development of public opinion when sentencing.

Lord Lawton said he would like to correct the mistaken ideas of some journalists and television commentators who had about the judiciary and the law. He said one of these mistakes was the view that judges were drawn from the moneyed classes and had been educated at the leading public schools and at Oxford and Cambridge.

In his view judges represented nearly all sections of the population and knew how their fellow citizens thought and lived. Probably better than other sections of the community. They learned about life in the armed forces, as young barristers and as judges visiting factories and coal mines.

IN BRIEF

Hijack brigade

A Vehicle Observer Corps—a voluntary body representing local hauliers, traders and companies interested in vehicle security—has been established in Northampton by the Road Vehicle Association to help the police track down stolen vehicles.

Resin process

Giba-Geigy has modified the manufacturing procedure for its Araldite MY720 epoxy resin, following an explosion and fire last November at its multipurpose plant in Buxford, Cambridgeshire. An inquiry into the accident has shown that the explosion followed a chemical reaction of the product, the stability of which had been reduced by the addition of an insufficient quantity of caustic soda.

Complaint upheld

The BBC programmes complaints commission has upheld part of a complaint by Mr. J. E. H. Simon, owner of land in Wales, on a BBC1 programme entitled "Who is Buying U.S. Britain?" broadcast last November. Mr. Simon claimed that a letter

of his was used on the programme without authorisation and that this was an "unjustified infringement" of his privacy.

Less rubber

Worldwide production of synthetic rubber fell by 3.9 per cent. of 5.4m. tonnes last year, according to the International Institute of Synthetic Rubber Producers. Shipments fell by 8.6 per cent. to 5.2m. tonnes. The figures exclude Eastern European countries and Cuba.

Corruption charge

The former managing director of a firm of contractors and a Gateshead councillor both pleaded not guilty at Newcastle Crown Court yesterday to charges of corruption over building contracts. Mr. Cyril Albert Rance, 67, consultant, of Walsingham Close, Folham, Bognor Regis, Sussex, is charged with corruptly giving £500 in May, 1968, to Thomas Gerrard Heron, 51, of Kingsway, Sunningdale, Surrey, and West, in connection of favours shown or to be shown to Epson-based Carlton Contractors.

£8m. plan to improve Heathrow's Terminal 2

By Michael Donne, Aerospace Correspondent

THE BRITISH Airports Authority is to spend £8m. on improving Heathrow's Terminal Two. The work, due to be completed by 1977, will include an extended airline check-in area, new forecourt entrances, repositioned escalators and stairs, and improved access to car parks. Terminal Two is used by the foreign short-haul airlines and there have been many complaints over congestion, causing delays to passengers and flights. The terminal was the first to be opened in the central area more than 20 years ago, and has been swamped by the expansion of traffic. Last year, more than 5m. passengers used it, and by the early 1980s the figure is expected to exceed 8m. a year.

Bottlenecks

The terminal was once the most modern in Europe, but the BAA said yesterday that, the changing pattern of air travel had overtaken many of the original design concepts. "The alterations are planned to help eliminate bottlenecks and other deficiencies, improve standards for travellers and increase the capacity of the building," it stated.

"We have to carry out the programme while the terminal is being used," said Mr. Ted Tanner, the BAA's manager for Terminal Two. "But we shall complete the work as quickly as possible."

Architects for the programme are Pascall and Watson, and the main contractor is Costain Construction Company.

Equality demand at Women's Institute jubilee

FIERY SPEECHES on equality marked the diamond jubilee annual meeting of the National Federation of Women's Institutes at London's Albert Hall yesterday, attended by 5,000 delegates. Moving a resolution to pledge the Institute to work for equality, Mrs. Pat Batty Shaw, from Norwich, said: "The resolution does not imply that women are biologically equal. Nor does it imply that women may not remain in the home and give full-time care to their families if they so wish. "But it is committing us to seeing that men should also have this right, and questions concerning home responsibilities being shared are ones to be settled personally between those concerned."

In another resolution, agreed by an overwhelming majority, the meeting urged the Government to set up clinics where any woman could receive breast cancer screening.

More U.S. investment in Scotland

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

AMERICAN industrial investment in Scotland is continuing to grow, according to a survey published yesterday by the Scottish Council (Development and Industry). The survey says that in the year to the end of 1973 investment by 116 U.S.-controlled manufacturing companies reached nearly £268m., an increase of £41m. over the previous year. Employment increased by nearly 10,000 to an estimated 92,000—which represents almost 14 per cent. of Scotland's manufacturing workforce. In the previous 10 years, says the council, investment increased by more than 150 per cent. and some 40,000 new jobs were created. American owned companies now account for one-third of Scotland's exports and nearly one-third of its engineering industry workforce. The concentration is particularly heavy in mechanical engineering (26.5 per cent. of total employment), electrical engineering (39.5 per cent.) and instrument engineering (44.5 per cent.). The survey says that with the liquids and gases.

Lucas to test 15 types of battery-powered vehicles

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

A DETERMINED bid to win the race to produce a fully competitive system of battery-operated vans and trucks is being made by the Lucas group, which is beginning a major series of field trials. In the next few weeks more than 15 types of commercial vehicles up to two tons gross weight will be going to selected operators. Their performance in hilly terrain, city centres and suburbs will be monitored and compared with conventional vehicles. The publicity over "silent riders" has been accepted into service at Manchester earlier this year tended to overshadow Lucas's achievement of putting a 34-seater single decker into service with the same authority just ahead of Chloride.

Sophisticated

Although Chloride, in collaboration with the electricity council, is developing a sodium sulphur battery, both buses are powered by lead acid batteries, and the race is keenest in the technological development in this field. The "silent rider," a bigger bus than the Lucas one, has a range of 40 miles and a top speed of 40 mph, with accelera-

AIRMAIL LINK FOR N. SEA COMPANIES

An airmail service linking the North Sea gas and oil communities at Gt. Yarmouth, Aberdeen and Peterhead was launched yesterday from Norwich Airport. A joint venture between Air Anglia and the Post Office, it will provide the first express postal deliveries for North Sea exploration companies with bases in East Anglia, the North East and Scotland.

NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

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The poll: How it will work

BY JUSTIN LONG

POLLING TAKES place between 7 a.m. and 10 p.m. today. Sir Philip Allen, chief counting officer, will be assisted by about 1,000 officers in making the return for the City of London and 32 London boroughs at Earls Court.

For the 68 counties or regions in England, Scotland, Wales and Northern Ireland, the chief executives will be responsible for the local returns.

When the booths close, their first task will be to match the ballot box contents against the returns of presiding officers. But the count will not start anywhere until 9 a.m. to-morrow.

Ballot papers will be counted so that observers from the rival campaign organisations cannot estimate the result. Each county will announce its own result and inform Sir Philip in London so that the national poll may be compiled.

The announcements will be in five parts: the total number of votes, the number of servicemen and wives included, the number of "Yes" votes and of "No" votes, and the number of rejected papers.

Sir Philip has said that he would consider a recount if the majority were less than 150,000 when all votes are in.

The first result is expected about lunch-time to-morrow—from the Isles of Scilly. A flow of results is expected during the afternoon and by early evening the national tally should be almost completed.

ITV in News at Ten will begin forecasting the result shortly after the polls close to-night. The forecast will be made from a poll conducted by Opinion Research Centre which will canvass 10,000 voters at 150 polling stations all over Britain.

Wilson: More jobs and better ones

BY JUSTIN LONG

THE BRITISH people must take three years for use on regional development.

Britain was still a nation whose voice and experience counted, Mr. Wilson said. "That called for a resounding 'Yes' vote as the best for Britain, Europe, the Commonwealth and the wider world."

A "Yes" vote would be best for Britain because membership of the Market meant more jobs and better jobs, the Prime Minister said at Cardiff.

Summarising the main reasons for staying in the EEC, he emphasised the better terms achieved in the renegotiations. Our partners had accepted that national governments were the best judges of what was right to protect their workers—to create new jobs, stop migration from the hard hit areas, to prevent the loss of jobs.

But a "Yes" vote would also be best for Britain because the unfair burdens of the Common Market budget had now been redressed. Mr. Wilson maintained. He set himself to hammer home the other arguments put during the pro-market campaign.

He pointed again at the market of 200m. people to whom we could sell our goods without having to climb over a tariff wall. He spoke of Britain's freedom to conduct her own regional policies, and the "massive" European Regional Fund which had been negotiated—out of which the U.K. would get £60m. over the next three years.

The Government had been perfectly free to legislate for on all points in its manifesto.

"For Britain to-day the road for the international co-operation is best served by being a member of the Community."

The anti-Marketters had not even tried to show that jobs would be safer if we were outside, Mr. Callaghan contended.

"A free trade arrangement by definition means that you cannot cut off imports into your own country."

"So how does a free trade area (as advocated by the anti-Marketters) improve the job situation? It cannot do so."

The anti-Marketters have blown themselves up with their own explosives, the Foreign Secretary declared. "They have not been able to produce a single significant policy which the Government has been prevented from carrying out."

The Government had been perfectly free to legislate for on all points in its manifesto.

"For Britain to-day the road for the international co-operation is best served by being a member of the Community."

U.K. tops price rises

BRUSSELS, June 4.

BRITAIN NOTCHED up the Common Market's highest monthly and yearly rate of price rises last month, according to the Community authorities.

Prices rose 3.8 per cent. in Britain last month amounting to an annual rate of 21.7 per cent. up to the end of April this year.

Italy was close behind with a yearly rate of 20.4 per cent. and a rise between April and May this year of 1.3 per cent.

West Germany had the lowest rates, only 0.8 per cent. between April and May, and an annual rate of just 6.1 per cent.

Detailed figures were as follows (percentages only)—April to May this year, and April last year to end April this year:

Germany	0.8	6.1
France	0.9	12.7
Italy	1.3	20.4
Holland	1.3	9.8
Belgium	1.1	14.4
Luxembourg	1.2	10.5
Britain	3.8	21.7
Denmark	0.4	11.9

Ireland (November, 1974 to February, 1975, and February last year to end February this year)—5.1 and 23.9.

Reuter

A STRANGE TOGETHERNESS



An unlikely alliance... Mr. Michael Foot (right) covers his face in thought as he shares yesterday's 'anti' Press conference platform with Right-wing Tory MP Mr. Ronald Bell.

Abysmal 'Yes' campaign—MP

FINANCIAL TIMES REPORTER

A PRO-MARKET MP complained yesterday that the national campaign to win "Yes" votes had been so abysmal that it had probably only increased the number of abstentions.

Mr. John Pardoe, Liberal MP for North Cornwall, said in Launceston: "If referenda were won or lost by the competence of those who lead the debate on either side, the result on Thursday would be a landslide victory for the 'No' campaign."

Leaders of the "Keep Britain in Europe" campaign had allowed themselves to be bogged down in endless statistical arguments in which they have almost always come off second best. The result is that they have bored the pants off the country and probably substantially increased the abstention.

Mr. Pardoe added: "Advised by an army of public relations hacks and with their campaign coffers loaded with gold they have thrashed around in an expensive Euro-fog. Pedestrian and boring, they have never once given even a glimmer of the glory of the European feast."

"When asked about the real state of political unity they have skated round it with half-hearted apologies about 'it not happening in our lifetime.' With people like this in charge it wouldn't happen for a thousand years."

"Far from stirring the hearts

and minds of the people, these men couldn't even stir a Christmas pudding and would make Henry V's call to arms sound

£10,000 worth of Noes

LADBROKES yesterday accepted bets totalling £10,000 for a "no" vote, as a result of which they have amended the odds to 1-7 yes, 5-1 no.

Ladbrokes also opened a book on the percentage of the poll. They bet over 60 per cent. 4-7 less than 60 per cent. 11-8.

like an invitation to a whist drive.

These men have learnt nothing new about Europe since Harold Macmillan's first excursion 12 years ago. He, too, tried to enter Europe by sleight of

hand. He, too, thought that if he concentrated on the economics, the politics would take care of themselves.

"When will they realise that nothing is accomplished in politics without passion?" asked Mr. Pardoe, adding, "And of that, they have absolutely none."

"What our present leaders should have learnt from Mr. Macmillan's experience is that if the European debate is about the price of butter the British people will be tempted to say 'you can keep it'."

When he voted "Yes" Mr. Pardoe said, it would certainly not be a vote for the Keep Britain in Europe campaign.

"It will not be a vote for the European Economic Community. It will not be a vote for the Common Market. It will be a vote for the United States of Europe, with a firm commitment of the UK to fight for full political integration."

"Without that commitment Europe is nothing. Without that commitment, people can not be united."

Jenkins wants big turnout to put issue beyond doubt

BY JUSTIN LONG

PRO-MARKETEERS in an eve-of-poll rallying call for a decisive vote in to-day's referendum, yesterday acknowledged their only migrant on the basis of which the poll might be less than adequate to settle the issue.

"What the 'No-Men' hope for is a low turnout and a relatively narrow margin on the basis of which they can continue the struggle," Mr. Roy Jenkins, Home Secretary, said at the final Press conference of the Britain in Europe Campaign.

Although little had yet been done to evolve such a system, Mr. Heath considered that work upon it should begin quickly after the referendum.

Mr. Jenkins, Liberal leader on the platform alongside the other pro-market party spokesmen, considered that keeping Britain in Europe was now about to move to the second stage. This would be to make it more democratic—certainly by direct elections to the European Parliament.

'Bunk' verdict no answer—MP

LEFT WING Labour MP Mr. Brian Sedgmore yesterday hit back at Mr. Denis Healey's "bunk" verdict on anti-market job loss claims.

Mr. Sedgmore said: "I very much regret the Chancellor's statement, which was infantile. He has simply not tried to answer the argument."

"These figures about the threat to jobs are part of a serious economic debate. Economic professors have addressed themselves to the very detailed statistical arguments that have been put forward."

"No-one was suggesting that Britain had not entered the Community there would now be some 500,000 fewer unemployed. The argument was rather about jobs that had been lost, were being lost, or could not be created."

"The Chancellor is simply playing politics with other people's jobs," added Mr. Sedgmore.

HOW OUR PARTNERS SEE US IN THE PRESS

PARIS

Shut your eyes and think of Britain

BY RUPERT CORNWELL

IT IS ONLY in the last two or three days that the French Press has begun to report seriously on the referendum. But in spite of the strong suspicion that the French were secretly praying for a No vote to rid the EEC of Britain, her economic problems and her Labour Party, the attitude of the newspapers here has been positive.

For varying reasons most hope that Britain will opt to stay in. None have much admiration for what they feel to be devious manoeuvring by Mr. Harold Wilson in calling the referendum in the first place, and all stress that a Yes vote will on its own do nothing to solve the nation's difficulties.

Les Echos, the business daily, yesterday claims that the U.K. "simply cannot afford the shock to the pound and to industry" that withdrawal would entail. "Shut your eyes, think of the country and vote," is its advice to the electorate across the Channel.

The fullest coverage has come from the conservative daily "Le Figaro". After interviews earlier with Mr. Roy Jenkins and Mr. Neil Martin, the eminent French journalist M. Alfred Fabre-Luce argued that a Britain outside the Common Market, sheltered behind a siege economy, would be a blow to the entire "Free World."

"A victory of the extreme Left would make the U.K. a super-Portugal," he says, "less convulsed, less militaristic and more advanced certainly, but having abandoned traditional democracy. All other considerations are secondary and despite the differences between France and Britain we must hope for a Yes. We are in the same adventure, we are all Europeans."

Le Monde has been its usual weighty self in the past three days. It has carried a lengthy article warning of the risk of regional splintering that a No vote would bring, and to-day examined the economic background to the poll.

Indeed, its chief economic pundit, M. Paul Friauf, barely mentions the word referendum in his piece. He comments that the most worrying aspect is the "climate of demoralisation and resignation."

Inflation has not been an inevitable consequence of the disappearance of the famous British "sensitiveness" but rather of errors of economic policy, especially in the last two years of the Heath administration.

BRUSSELS

The sudden ageing of U.K. democracy

BY DAVID CURRY

BRUSSELS, June 4.

LEAVING aside the fears that a British withdrawal will precipitate the collapse of the Brussels residential property market, the spectacle of the dissolution of party lines in the campaign has been much emphasised with the Heath-Jenkins-Thorpe axis. (Mr. Heath is still the best-known U.K. figure here receiving much attention.)

The anti-Marketters have been dubbed the Socialists in the Labour Party and some commentators have pointed out that Europe as a whole has an interest in seeing whether their contention that the EEC is basically incompatible with a Socialist society is valid.

The regional aspects of the battle have attracted coverage in a country which is itself painfully split between the French and the Dutch speakers and where politics revolves around this linguistic division.

The Irish, Scottish and Welsh have been particularly in the firing line, particularly in the famous three-day week, balance of payments deficit.

Two other aspects of the referendum have drawn considerable attention.

BONN

Germany sees more problems for U.K.

BY NICHOLAS COLCHESTER

THE WEST GERMAN public's deep seated interest in the intricacies of politics has been well catered for in the German Press's coverage of the British referendum.

The basic message this week is that although the pro-Marketters have very probably won, this victory does nothing to solve the problems of Britain and could burden the EEC with an unstable and unenthusiastic participant.

At a rather flat moment for German political news, the referendum is, of course, a "good story" for the German reporters and a crowd of them have flown to England to supplement the already substantial squad of German journalists in London.

The referendum is the "peg" on which to hang accounts of an undeniably fascinating political situation, and a grim picture of Britain's problems to titillate the "schadenfreude."

The Köln Stadt-Anzeiger runs a full account of the decision facing a British working-class family called the Bowdens. The family have up till now been good Labour Party voters, but over the issue of Europe they don't know what the "real" party thinks.

They can make no sense out of the argument over unemployment, and they are going to vote "yes" because they trust Harold Wilson's judgment.

ROME

Giving a balance

BY ANTHONY ROBINSON

ITALIAN NEWS and comment on Britain's EEC referendum has had to compete for Press space with coverage of President Ford's visit to Italy and developments in the regional election campaign, but the Italian papers have still devoted considerable space and prominence to the referendum.

Italy was strongly in favour of Britain joining the Community in the first place and this sentiment remains. A La Stampa editorial to-day succinctly explains why.

"We still believe in the profound vitality of the democratic spirit, individualism and anti-bureaucratic attitudes of the British and hope that they will spread throughout the Community. We also believe that Britain's continued presence will balance the EEC against a Franco-German supremacy."

It warns, however, that if Britain left the EEC "it could be the first act of a catastrophic sequence of reverses and collapse which could also spell the end of British liberty."

The editorialist clearly could not resist a dig at those anti-Marketters who fear the competition from Europe, including Italy.

"The Italians are accustomed to seeing their country as 'a pot of clay' between two pots of iron" and find it gratifying, but slightly puzzling, to be implicitly included among the latter.

To explain the reasons behind anti-EEC feeling, La Stampa refers to "the extraordinary, brand-new sense of insular inferiority and fear—for the first time in its history England

WASHINGTON

U.S. spots campaign gimmickry

BY GUY DE JONQUIERES

In recent days some major U.S. newspapers with London correspondents have dispatched them to the provinces to report on voter attitudes at the grass roots. Most accounts tend to follow the findings of the opinion polls and several humorous and mildly derisive reports. "Gimmickry" was the description used by the New York Times in a recent headline.

In the eyes of most U.S. correspondents and their editors, while withdrawal from the EEC would be undesirable, even catastrophic, a "yes" vote will be not do much to solve Britain's problems either.

This point was put succinctly and gloomily by Dr. Vernon Rystadter in a recent column in the Wall Street Journal. Noting that the referendum will have a decisive bearing both on economic questions and on "British future," he concluded: "Which way the vote goes, it will show a country deeply divided, not only on the immediate Market issue but about the very shape of society."

The one question will be settled on June 5. The other will continue to wrack the country because, in all truth, the British people do not know what they want their country to be.

New Issue

This advertisement appears as a matter of record only

June 5, 1975

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What did the campaign look like to Britons based abroad? Reginald Dale flew from Brussels to make his assessment while Robert Mauthner returned to the West Midlands from Paris to investigate reactions in the final fortnight

The missing honesty A matter of 'them' and 'us'

I MUST start by declaring an interest. I am a (disfranchised) pro-Marketeer, who has spent the last seven years reporting the activities of the EEC in Brussels. That said, and having followed the referendum campaign in Britain for several days this week, I am bound in all honesty to report that the Community I know is much more like the one described in the pro-Market propaganda and speeches than the alarming creature portrayed by those in the anti-Market camp.

There are harmless eccentricities—One Hampshire hairdresser I met cannot be argued out of the conviction that the Rome Treaty allows German riot police to invade Britain to put down civil disturbances. But more generally, and much more seriously, I have found that anti-Market propaganda seems often deliberately to misrepresent the real nature of the Community as it now is. It is, for example, palpably untrue that the EEC is already well on the way to becoming a European super state, as I have heard alleged—although, personally, I wish it were.

It is also hair-raisingly false to state, as the official "No" pamphlet does, that policies, rules, laws and taxes are already being decided "often by the unelected Commissioners in Brussels."

But it seems to me that the pro-Marketisers have not been wholly honest with themselves either. In trying to counter all the arguments about sovereignty and loss of national independence, many of them have been

forced to deny the very principles they ought to believe in. There is no need to worry, they say, the Community is not supranational, the national veto remains supreme, and nobody is ever going to be forced to do anything they do not want to. For genuine "Europeans" this must be a most uncomfortable position.

In Brussels, it is clear to nearly every orthodox "European"—and there still are many—that it is precisely because central direction is lacking that the Community has not so far been the success it should be. If the EEC has until now failed to react convincingly to the world energy and economic crisis, it is largely because member states have been pursuing their own interests at the expense of their partners, and central discipline is virtually nonexistent. Indeed, many national governments are also aware of this, as the latest steps being taken to moderate the power of the veto and increase the role of the European Parliament testify.

It is equally clear that after a "Yes" vote in the referendum, the other Eight (with the possible exception of Denmark) would want Britain to adopt a more positive attitude on these issues. And yet, to me, one of the most striking aspects of the referendum campaign has been the total unwillingness by both sides to acknowledge the situation after to-day's vote, regardless of which way it goes. The only honourable exceptions I came

across were the Liberals, who remain firm in their conviction that European economic and political integration must be intensified.

I asked Mrs. Margaret Thatcher if the Conservatives would be more enthusiastic for European integration after a "Yes" vote. "The way forward is likely to come more in the framework of arrangements in the Council of Ministers than through change in the institutions," she replied delicately. For many people in Brussels and among the other Eight that will not be enough—even assuming they understand what she means. But the failure of the anti-Marketisers to put forward any form of real alternative to the Community has been even more staggering. Mr. Enoch Powell says that all Britain's problems can be solved by "self-reliance" and a return to the trading patterns of December 31, 1972.

Throughout the "No" campaign, there has been an underlying assumption that Britain is different from, and basically superior to, other countries. Indeed this is an essential premise in the logic of the anti-Marketisers. How else can they counter the arguments that France, Germany, Italy and the others are happy and thriving inside the EEC? But few people go on to ask whether it is not precisely because we take such a pride in being different that we are so much worse off than our European neighbours.

There can be little doubt that, in spite of all the complaints about saturation and spewing out of indigestible facts, the national television coverage of the referendum campaign had had its effect.

True, meetings around the West Midlands addressed by local MPs, trade unionists and even members of the Government continue to be poorly attended. A few examples are: no more than 350 for Lord Home, Mr. Michael Stewart and Mr. Jo Grimond in Birmingham two weeks ago, a maximum of 300 for Mr. Enoch Powell in Birmingham earlier this week, 250 to 300 for Lord Wigg and Mr. John Gilbert, Financial Secretary to the Treasury in Dudley two nights ago, 80 odd for local MPs Miss Betty Boothroyd and Mr. Peter Archer, and only 30 or 40 for Mr. Nick Budgen, Mr. Powell's successor in Wolverhampton, South-West.

One exception, however, was an anti-Market rally last Saturday—a march through the centre of Birmingham led by Mr. Anthony Wedgwood Benn, which attracted 2,000 to 3,000 according to the organisers.

Whether these generally poor turn-outs are a reflection of the "vast lethargy," as one "Keep Britain in Europe" organiser and the decryer, "It stays in put it, of the West Midlands as far as the referendum is concerned or whether it is the result of having everything served up more appetisingly and comfortably on television, is a moot point. What is certain is that I found many more people in the factories and shopping areas who had made up their minds

one way or the other, than I did last time.

At a meeting addressed by Miss Boothroyd, the dynamic pro-Market Labour MP for West Bromwich, West, in a local weighing-machine factory, only two or three people put up their hands when the speaker asked the 200 or so employees present how many had not yet decided which way to vote. With the approach of polling-day, there was also much less talk than last time about the acceptability of a referendum as a device to test the country's views. In an odd sort of down-beat way the West Midlands has begun to wake up rather late in the day to the importance of the country's choice to-day.

People there, as elsewhere in Britain, have not had things made easy for them. Miss Boothroyd has promised them that they will be "reduced to dancing round maypoles for the entertainment of overseas visitors" (what?) in West Bromwich? If Britain leaves the Common Market, while Mr. Powell has forecast, with alarming aliteration, that the country "will lapse into the limbo of lost nations" and "fall under the tutelage of the effete and the decrepit" if it stays in.

They have been buffeted between those who claim that they will all starve to death if we stay in the Community because food prices will be so high that we will not be able to afford to eat and those who maintain that prices have actually gone down as a result of the Common Agricultural Policy.

Unemployment, in a region where it has reached something like 3.7 per cent, has been a big issue and has, of course, been exploited to the full by the major unions like the Engineers and Transport and General Workers, which rule the roost in the big factories such as British Leyland, and which attribute the high number of workless entirely to Common Market membership. But the big anti-Market unions have not had things all their own way. Company managements have weighed in with their own pro-

One of the most spectacular efforts in this field has been by GKN, which last Friday, sent a memorandum and a "facts" leaflet to its 85,000 U.K. employees' home, addresses telling its workforce why it should vote "yes" in the referendum.

"Shades of Joseph Chamberlain," Enoch Powell thundered the other night, but the fact is that the message sent by the GKN chairman, Mr. Barrie Heath, warning his employees that Britain's untimely exit from the Common Market could gravely imperil their jobs, has not fallen on fertile ground. The counter-productive effect of having the "boss" tell you which way to vote has been offset by the belief of many workers that there is more than a grain of truth in the message.

What is true of the bigger companies is even truer of the smaller concerns which do a substantial proportion of their trade with Europe. In the hundreds of small companies which are typical of the West Bromwich and Walsall regions, relations between management and workers are much closer than in the big companies, and the sense of identity of interest much greater.

The area's Asian immigrants, too have "moved" and the view of representatives of their various communities is that a much higher proportion of local immigrant leaders than was originally thought likely will advise their flock to vote "yes." The reasons for this are complex

and qualified by all kinds of doubts regarding the status of British Asians in other members of the Community. In the last resort, however, it again comes down to jobs, economic prosperity and the Community's attitude towards Asia and Asians. The EEC social fund's £2.5m. grant for the training of immigrant workers in Britain has made a most favourable impression locally for instance.

Not a few immigrants, however, find it difficult to equate their own interests with those of the host country. "If I were British, I would vote to stay in the Common Market. But since I am Pakistani, I will vote against," I was told by one.

Not so very different from the one heard every day when talking to men and women in the West Midlands. The majority will probably vote "yes" in the end. A poll taken over the last few days by the Birmingham Post found that of nearly 800 people questioned in the Birmingham area, 57 per cent intend to vote "yes," 29 per cent "no" and 14 per cent were still "don't knows." But the pre-EEC visitor from Europe cannot help feeling sad that most of those in the West Midlands who will be voting to stay in the Community will be doing so for the wrong reasons and will continue to be bagged by fears that "them" in Brussels will be laying down the law for "us" in Britain.



Mr. Enoch Powell, the former Wolverhampton MP, returned to the West Midlands to warn that the country "will lapse into the limbo of lost nations."

Reginald Dale

Robert Mauthner

Two 'shadow' Cabinet members want No verdict, Antis claim

BY DAVID LASCELLES

MR. EDWARD DU CANN'S claim that Conservatives are deeply split over Europe was backed yesterday by Mr. Hugh Simmonds, chairman of Conservatives against the Treaty of Rome.

He told the anti-Marketisers Press conference that two "shadow" Cabinet members and at least 12 Tory MPs were voting "Yes" even though they thought Britain should leave the EEC.

He also knew of party members outside Parliament who were not going to vote according to their true beliefs. The total figure, Mr. Simmonds suggested, could amount to a significant portion of the Conservative party.

desire to save political skins, but I believe these facts should be known," he said.

Mr. Simmonds was among 12 people crammed on to the platform at the anti-Marketisers made their final assault of the campaign. They included three Cabinet Ministers, MPs of most shades and trade unionists.

According to chairman Mr. Neil Marten, they were confident that the tide of opinion was going their way and that victory would be theirs.

Mr. Peter Shore, Trade Secretary, said the central issue was whether a nation of 55m. people, with all our wealth and resources, could continue to be an independent country in the world to-day. It was absurd to argue that it could not.

Mrs. Barbara Castle, Social Services Secretary, said Britain should ask itself which was the fastest growing market in the world to-day. It was not the EEC or the U.S., but the oil world, and Britain should be free to direct its trade where it wanted.

Mr. Jack Jones, leader of the TGWU, produced what he claimed to be examples from his mailbag showing how jobs had been lost directly because of EEC policies.

Both sides claim lead in Scottish campaign

BY CHRIS SAUR, SCOTTISH CORRESPONDENT

BOTH THE opposing camps in the Scottish referendum campaign predicted yesterday that they would be victors in eight out of twelve of Scotland's regional and island authorities.

Campaign managers on each side appeared to be in broad agreement that there was a likelihood of a "Yes" vote in South-west Scotland, Orkney, Fife and the Borders, and an equal possibility of a "No" vote being returned by Shetland, Western Isles, Tayside and Lothian.

There was no agreement about the prospects in the huge Strathclyde region which accommodates roughly half of Scotland's 3.7m. electors or in the central region, Highlands and Grampian, where each side claimed to have the upper hand.

At their eve of poll Press conference in Glasgow, pro-Market leaders warned that public apathy noted during the campaign might lead to a low poll.

Mr. Russell Johnston, the Scottish Liberal Party chairman, spoke of the "eerie silence" he had found at some public meetings.

One of the main Scottish anti-Market organisations, the Scottish National Party, stated that a Scottish "No" vote was essential to maintain pressure on Westminster for a strong Scottish Assembly. It said that opinion polls showed growing popular support for a powerful Assembly with wide-ranging taxation and industrial powers.

Powell in Heath-land warns on identity loss

BY JOHN HUNT

A WARNING that a vote for the Market is a vote to end the independence of Britain for all time was given last night by Mr. Enoch Powell in an impassioned eve of poll speech in Mr. Heath's own constituency of Sidcup.

Within a few minutes of Mr. Heath starting the first of his two final campaign meetings at a Sidcup school Mr. Powell—his bitter enemy of long standing—opened fire before an anti-Market rally at a nearby cinema.

Mr. Powell devoted almost his entire speech to the sovereignty issue and claimed that if we sank our identity in the EEC we would soon have all control over our own future.

According to Mr. Powell, this was no vague and indefinite threat. It would follow rapidly upon a "Yes" vote for the Market.

In this event, there would soon be a directly elected European Parliament which would not merely concern itself with minor matters. It was laid down in the treaty signed by Mr. Heath that it was intended to achieve economic and monetary union as a means towards political union.

Mr. Powell maintained that a

NALGO staff refuse poll duty

By Our Walsall Correspondent

COUNCIL OFFICIALS were yesterday trying to find emergency staff to superintend referendum polling stations at Stafford following a decision by the town's local government officers not to co-operate in the count.

A council spokesman said it was possible that many polling stations might not be able to open unless replacement staff was found.

The Stafford borough branch of NALGO has decided not to co-operate with the referendum count because of their national dispute over pay. Other branches of NALGO in the county were due to meet last night to decide whether to withdraw their co-operation.

We've made your entry into Europe a little easier.

Wimpey have just completed a £2½ million project for the British Transport Docks Board. The Princess Margaret Terminal, Hull.

To get you to and from the Continent quicker.

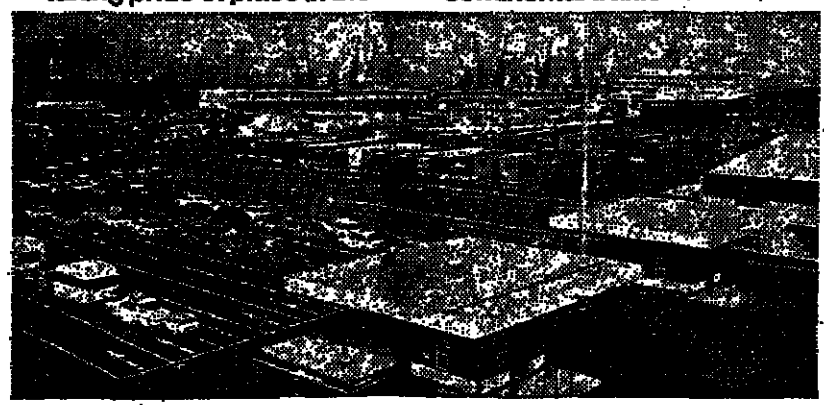
Taking pride of place in the

new complex is a roll-on/roll-off ferry terminal redevelopment, believed to be the largest of its kind in Europe and covering an area of almost 36 acres, including four ferry berths. This terminal will speed up continental traffic flow and

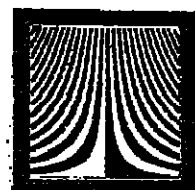
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Versatility is the trademark of Wimpey in all its activities. Whether building dams or factories, offices or houses, or runways for a huge international airport, we bring the same expertise to bear.

So bring us your ideas. And we'll give you results.



Designed by the British Transport Docks Board under the direction of the Chief Docks Engineer, Humber, P.K. Brown BSC, C.Eng. FCE, FIMechE, FCI.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSES

Outlook brighter on reflection

CHROME PLATED products should be having an even brighter look by the end of this year when a new plating process is expected to be widely used in U.K. industry.

Although the customer will notice a number of advantages, such as a deeper colour, easy cleaning, no haze with age, and better corrosion resistance, the company which developed the process, Albright and Wilson, considers that it has even greater benefits for the user.

Called Alegra 3, the process is described by the company as "the most significant advance since chromium plating began in the 1920s." It is based on the trivalent chromium plating system instead of the conventional hexavalent chromium (chromic acid). The method has been known for some time, but this is claimed to be the first commercial and production-proven trivalent process available.

From the environmental viewpoint, the process is a considerable advance on current methods. Chromic acid plating produces a toxic corrosive spray, not present with the Alegra 3 system.

The latter cuts process cost, because fume extraction requirements are not as critical, separate spray suppressants are eliminated, there is no skin ulceration hazard, and trivalent chromium is less toxic.

Effluent

With Alegra 3, coping with waste effluent is simplified and costs reduced, as an alkali treatment is all that is required.

Albright and Wilson says the throwing power is extremely good, the deposit is more uniform and there is no build-up on the edges of components. Recessed areas can be plated at a high rate, without overplating on the edges, simply by raising the current density.

Even with the use of higher current densities there is no "chrome burning" and no need for special jigs or the use of "burner wires." Corrosion resistance is stated to be improved in low current density areas (recesses). The deposit is haze-free immediately from the bath, and no blooming develops with age.

Repeated current interruption during plating with Alegra 3 does

not result in the expected "white washing" reducing reject rate.

The deposit produced with the process is microporous and microcracked, and is stated to meet the requirements of BS1224 in both crack and pore density, without using special additives.

The maker is at P.O. Box 80, Oldbury, Warley, West Midlands (021-552 3333).

Precision etch unit starts up

THE DUTCH company Veeo Zeef-platenfabriek which specialises in high precision photo etching and electroforming has started a U.K. marketing subsidiary, Veeo at 36, Essendene Road, Caterham, Surrey, CR3 5PA (Caterham 46062).

The company has an advanced manufacturing unit in Holland and has developed and manufactured much of the necessary production equipment. A typical example is a photographic step and repeat machine capable of an ultimate accuracy of ± 1 micron over lengths in excess of 20 cms.

Products include micro-precision sieves, precision perforated nickel parts for filtration and separation, nickel printing screens and precision etched lead frames for integrated circuits.

Marks made on big mouldings

HOT FOIL marking on to large raised areas of mouldings used in the motor car, domestic appliances, radio and television industries is the specific purpose of the Comet IIIA machine introduced by Phillips Bros. and Ellis, 11, Charterhouse Buildings, London EC1M 7AU (01-253 8151). Marking of trim, dials, panels and facias are typical applications.

The maximum marking area is 610 x 305 mm (24 x 12 inches)

and the construction allows the centre of a 610 mm (24 inch) item to be marked. Direct action with a duplex air cylinder provides full compensation for variations in moulding thickness, and fine pressure control.

Marking stroke is 75 mm (3 inches), which allows recesses to be marked, provides a clearer view and avoids pre-heating of the foil. Fine stroke adjustment assists in prolonging the life of the silicone rubber pads or dies used, and reduces the set-up time.

Other features include air operated side-to-side foil feed, foil tensioner and full electronic control of temperature and dwell time.

Controls industrial programs

AN EQUIPMENT that will control up to four programs simultaneously for logic and timing functions in industrial, scientific and commercial processes has been introduced by Stonefield Electronics, Station Road, Southwater, Sussex (0403 731143). The company claims that the need for a microcomputer can be obviated.

The programs can operate interactively or independently and there is also a four function arithmetic ability. Over 32 program steps enable the unit to write, erase or modify complex logic and timing function programs at the flick of a switch.

Elapsed time or time to completion measurements can be controlled either from external sources or by the programmer's ten internal four digit timers, each of which can be reset repeatedly during a program.

Teletype machines can be connected and there are also modem and computer interfaces enabling control of the unit from a remote main processor, together with all controls, displays and power facilities for driving up to 1,000 digital or analogue input/output channels. The unit is claimed to be as simple to operate as any card, film or tape programmer.

MATERIALS

Bi-axial shrink film

SERINK FILM which is claimed to be suitable for collations, irregular shaped articles and deep-seated items where a bi-axially oriented film is required, is being marketed by the Goodyear Tyre and Rubber Company.

Called Hi-Slip SFT-X, the film is 17.5 microns thick and can be obtained from the film packaging division at Fordingham, Wolverhampton (0902 22321).

Hi-Slip SFT Monax shrink film, already available in 17.5 micron gauge is now available in 15 micron and both films have been further formulated to give greater sealing and strength characteristics, the company announces. The SFT 15 micron film can be supplied in both flat and centre-folded form.

Compound 2 Ytastan in 19 microns has been reintroduced, and skin packaging film grade CP has been further extended to include 150 and 200 micron gauge.

ELECTRONICS

Recorders given more power

DANALOG by Micro Consultants of Caterham, Surrey, allows up to 256 channels of information to be recorded on virtually any standard instrumentation recorder, including Bell and Howell, Ampex, SE Labs, and Sangamo equipment.

Danalog uses a pulse-code modulation recording technique which, with 10-bit precision analogue to digital conversion of the input signals, gives the user a recording system capable of high resolution, wide bandwidth, and a great variety of operating modes.

For example, Danalog allows monitoring of TV signals with the recorder running at 40k bit/in and utilising all tracks. Taking the other extreme, Danalog can sample 100 strain gauge signals per second on a single record track and at a tape speed of 15/15 in/s.

Micro Consultants, Interface House, Croydon Road, Caterham, Surrey CR3 6QD, Caterham 48921.

METALWORKING

Metal bar threaded fast

A STUD and rod planetary thread roller, known as the 75AH, capable of handling round bars up to 30 ins. long, at speeds up to 400 parts per minute, threading both ends simultaneously, has been developed by the Prutton Corp., U.S.

The machine has automatic feeds with the stock moving side by side rather than end to end. Long parts or U-bolts can be handled rapidly either through recycling or moving them through two machines set in tandem. Diameters from 0.08 to 4 inch can be threaded. A sensor controlled magazine regulates the parts flow.

A prototype unit was used for thread rolling rod which was then formed into coat hangers. The user, prior to the introduction of the 75AH, was thread

Packaged automation for drills

DESIGNED ORIGINALLY for use in the company's own works, a pneumatic system to automate the operation of light drilling

machines has been developed by Head Fluid Dynamics, Chalmers Way, North Feltham Trading Estate, Middlesex, TW14 0UH (01-890 0871), a subsidiary of Stanray Corporation, U.S.

Fitted to multi-spindle drills, it enables one operator to control two or more machines. Most types of drill can be converted, requiring the drilling of only a few holes to attach the system. It develops a thrust of 800 lbs at 80 psi air pressure, and has an adjustable feed rate from 1 to four inches/minute with fast approach and peck feed facilities.

Drilling depth is controlled by adjustable trip dogs, and the depth of peck feed by a pneumatic timer. Air consumption is about 0.5 cm/cycle.

Operated by push button, the cycle resets when set drilling depth is reached or the emergency button is pressed.

CONFERENCES

Automated factories

A ONE-DAY seminar on the Japanese programme for computer-automated factories will be held at the Chapman Building of the University of Salford on July 2.

Organised jointly by the Salford University Industrial Centre and the Department of Mechanical Engineering of the University, the seminar will include a lecture by Dr. M. Eugene Merchant, Director of Research Planning at Cincinnati Milacron Inc., Ohio, U.S.A., and visiting professor at the University of Salford.

He will describe the Japanese national programme on "Methodology for Unmanned Manufacturing," which will involve extensive government funding and is aiming for an operational prototype "unmanned" factory by about 1980.

Attendance fee is £5, and further details can be obtained from Graham Robinson, Commercial Manager, Salford University Industrial Centre, University Road, Salford, M6 4WT, (061-736 8921).

Seals for engineers

A SHORT course on Fluid Sealing Techniques is being held by BHRA Fluid Engineering from July 28 to 31 for plant designers and engineers, maintenance engineers and draftsmen.

Soft packings, rubber and mechanical seals, and gaskets will be covered, and elastomeric and non-elastomeric sealing materials will be described. Seal failure, the economics of failure, and less conventional seals will be the subjects of two other sessions. A set of course notes is included in the tuition fee, and the programme gives opportunities for discussion.

BHRA will be running a more advanced course on sealing techniques immediately prior to its 7th International Conference on Fluid Sealing which will be held at the University of Nottingham from September 24 to 26.

Further details of both courses and the conference are available from the Course Organiser, BHRA Fluid Engineering, Cranfield, Bedford, MK43 0AJ (0234 750422).



One of two Caterpillar lift trucks fitted with slag handling equipment designed and manufactured by Bowmaker of Watling Street, Cannock, Staffs., and supplied to IMS Lyerite which is operating the machines at the British Reinforced Concrete Engineering Co's plant in Birkenhead. The machines are

handling slag from a steel mill's manufacturing plant. The slag handling attachment carries a pot of slag and carries the molten load just over 300 yards. To avoid danger from accidental spillage on to the tyres and machine, the truck travels in reverse. To prevent the splashing of molten slag when the pot is tipped, the attachment is fitted with two hydraulic tilt cylinders. These allow the cauldron to move through an arc very slowly, allowing the contents to pour

out of the pot with the minimum of splash. All hydraulic lines operating the attachment are filled with a water glycol solution as opposed to the normal hydraulic fluid in order to eliminate fire risk in the event of spillage. To avoid punctures, a rubber compound called Tyrril has been injected into the tyres in place of air. The compound is injected into the tyres until it reaches the correct pressure and does not harden but stays in a resilient state to give shock absorption.

DATA PROCESSING

More COM activity

This latest installation brings the total of COM units installed and maintained by Agfa in the U.K. to 26, and consolidates the company's position as Britain's leading supplier, Agfa says.

MICROGEN is installing a new Datagraphix 4500/150 computer output microfilm unit with its existing COM facilities on July 1. This new unit, together with the Datagraphix 4460 and Pertec 3700 it is already using, will enable Microgen to provide the broadest COM service in the United Kingdom, the company asserts.

The installation of a Datagraphix 4500/150, which has its own built-in computer with 48K bytes of core, means that Microgen can supply its clients with fully titled and indexed microfilm from any computer print tape without the necessity for the client to make inconvenient program or software changes.

Meanwhile, Lowndes-Ajax has taken delivery of a second COM unit from Agfa Gevaert.

This new Pertec installation will enable the company to meet west anticipated growth in COM. It thinks the COM market in the U.K. "hasn't really taken off so far, but that more and more companies are now expressing interest."

INSTRUMENTS

Gauges flow temperature and speed

THERMO ANEMOMETER GAUGES available from Wallace Controls enable air flow rate, velocity and temperature, surface temperature and the temperature of liquids, semi-fluids and granular material to be measured by one instrument with a set of interchangeable probes.

Applications include ventilating and air conditioning systems, central heating, refrigeration chambers and cold stores, bearing and machine temperature monitoring and surface temperature indication.

Measuring ranges are 0.1 to 30 m/sec for air velocity, 20 to 1,500 cubic metres/hour for air flow rate, -30 to $+150$ deg C for air temperature and also for surfaces, liquids and semi-fluids. The combined air velocity and temperature probe is a nickel resistance hot wire type which is very sensitive at low velocities. Surface, capsule, steel blade and needle probes can also be supplied.

The nickel probe has the advantage that a change from air velocity to temperature measurement is simply a matter of turning a switch. The probe is compensated for ambient changes from -10 to $+100$ deg C. The company is at 112 Bartholomew Street, Newbury, Berks. (Thatcham 65429.)

First 2903 for resale

CRB is to sell an ICL 2903 computer, the first to be offered on the used machine market.

The specification includes processor and video console, 100K MOS store, two entry stations, VDU's printer, card reader, 88m character disc store, etc.

The system was first installed in November 1974 at an original cost of £84,000 (since which time prices have increased) and it is available for immediate delivery at a price of £55,000.

CRB is at Broadway Chambers, 20 Hammersmith Broadway, London W6 (01-748 0106).

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LABOUR NEWS

Seamen's leaders to meet over pay talks deadlock

BY ROY ROGERS, LABOUR CORRESPONDENT

LEADERS of Britain's 40,000 seamen meet tomorrow to decide whether to continue to seek a negotiated settlement to their pay talks or call a strike action. This became clear yesterday when the National Union of Seamen's negotiating committee decided to refer the union's executive without recommendations on the whole issue of the deadlocked pay negotiations. Conciliation attempts by the Advisory, Conciliation and Arbitration Service have proved unsuccessful. The union's general council of British Ship-owners, refusing to raise their 30 per cent. "final" offer and the US sticking rigidly to their original demands. These include a £40 basic rate for a 40-hour week and improved overtime rates. The employers maintain that they would add \$1 per cent to their wages bill. Yesterday Mr. Jim Slater, left-wing general secretary of the NUS, who has adopted a conciliatory attitude throughout the negotiations, said that when the 18-man executive committee meets tomorrow it would have four options before it. These involve using the ACAS machinery for mediation, arbitration, an informal inquiry similar to those held recently on disputes involving Austin Morris engine tuners at Cowley and London dockers, or strike action. There have been no clear indications of which way the executive is likely to vote as it is finely balanced between moderates and left-wingers. Several of whom, like Mr. Slater, are among the group of "tightly-knit, politically motivated men" spotlighted by the Prime Minister, Mr. Harold Wilson, at the time of the 1968 seamen's strike. Under the employers' £23m offer, average earnings for a foreign-going able seaman would increase from £59.25 to £70.35 for a 67-hour week including "new money" of £11.10 or 18.7 per cent, and the consolidation of £4.40 a week cost-of-living threshold payments already being made. But the offer would only lift the consolidated basic rate from £25.44 to £33.46—far short of the £40 NUS target. Last night Mr. Slater said his members had made it clear that they were "far from satisfied with what the owners were offering up till now."

GEC offers £4.40 in six-month deal

BY CHRISTIAN TYLER, LABOUR STAFF

A PAY deal running for only six months was offered yesterday by GEC to some 2,500 of its manual workers in the power engineering division. The offer—one of the first of its kind in the present pay round—was put to shop stewards at the division's Stafford plant yesterday. Worth £4.40 a week to all the workers, it is being recommended to a mass meeting to-day. An earlier offer of £5 a week paid in two stages over eight months was rejected, and the men threatened to strike from Monday. Now, if the men accept, their negotiators can come back for more at the end of November. A company spokesman said that management preferred on principle to deal with simple cash increases over a short period than to become involved in a longer deal with built-in cost of living protection. The offer appears to be worth less than 20 per cent, at an annual rate, although the company would not disclose its cost on the wage bill. Meanwhile, in a separate dispute, about 30 employees, including three area managers, turned up for a picket of GEC's Kircaldy factory in Fife. The protest was organised by Association of Scientific, Technical and Managerial Staffs, representing some 5,000 GEC Telecommunications installation staff all over the country who claim to have been locked out over their claim for pay parity with equivalent Post Office workers. ASTMS is hopeful of a new offer from the division, which is based at Coventry.

Prior urges profit-sharing plan to raise incentive for workers

BY OUR LABOUR CORRESPONDENT

SUGGESTION that workers in about the Government's proposed legislation to introduce profit sharing through a two-tier Board system. Urging companies to draw up their own codes of participation and not wait for the "heavy hand of a legal framework of law," Mr. Prior said: "I feel that when the Government do it they will get it wrong." Industrial democracy could not be grafted on at the top of an organisation, there had to be a steady story of State monopoly consultation all the way through the organisation if such ideas were to have any value. He also amplified his doubts about the Government's proposals. Legislation to introduce profit sharing through a two-tier Board system. Urging companies to draw up their own codes of participation and not wait for the "heavy hand of a legal framework of law," Mr. Prior said: "I feel that when the Government do it they will get it wrong." Industrial democracy could not be grafted on at the top of an organisation, there had to be a steady story of State monopoly consultation all the way through the organisation if such ideas were to have any value. He also amplified his doubts about the Government's proposals.

AUEW row over postal voting moves into court

BY OUR LABOUR CORRESPONDENT

THE CONTROVERSY over the Amalgamated Union of Engineering Workers' decision to abandon postal balloting for the election of officials moves into the High Court to-morrow. Notices of various applications for injunctions were served on solicitors representing Mr. John Weakley, one of two delegates disqualified from voting at a recent rules revision conference leaving AUEW president—Mr. Hugh Scanlon—to use his casting vote to end the postal balloting system. With his injunction Mr. Weakley seeks to prevent the union's annual conference opening on June 15 unless he is reinstated as a delegate. He also wants to restrain the union from holding any further ballots other than under the old postal system and to secure his own reinstatement to the union's rules revision and policy-making national committees.

Basnett calls for curb on price increases

BY LORELIE OLSLAGER

THE GOVERNMENT must act to increase up to 40 per cent, constrain prices, if necessary by pared to 15 per cent, being brief limitation of price rises, achieved in the current round and bring down unemployment of pay settlements, when the cost of thresholds is not included. This was not a realistic policy, Mr. Basnett declared. The trade of the General and Municipal unions could not ignore the economic implications of their wage claims. Outlining the GMWU's thoughts on the future of the social contract, Mr. Basnett said perhaps through restricting one possibility for containing inflation and improving Britain's investment performance was for the Price Commission to allow price rises above a certain level only if the company concerned substantially increased its investment. There must also be stricter supervision of prices at local level. But if measures such as these did not work, then consideration should be given to limiting increases to certain levels, perhaps for a period of three months. "This may be the only way out of the spiral said Mr. Basnett, who also urged the need for selective import controls.

Leyland workers gird up for policy participation

BY PETER CARTWRIGHT

SHOP STEWARDS from British Leyland plants yesterday took the first steps towards calling for a much wider employee participation in the company than was imposed in the Ryder Report. The stewards' immediate objective is to have workers' representatives jointly deciding—as opposed to merely being consulted about investment, production and marketing policies with top management of the car and bus and truck divisions. This will be urged at a meeting soon. They are not at this stage—British Leyland factories. It will meet the British Leyland Board, the corporate level, nor do they together with Sir Don Ryder, and want worker directors at lower Mr. Harry Urwin, assistant general secretary of the transport union, who was a member of the Ryder committee. "What we want is maximum accountability," Mr. Bob Wright, Committee.

Electricity Council staff vet 15-month pay offer

BY CHRISTIAN TYLER, LABOUR STAFF

THE ELECTRICITY Council has offered its 52,000 white-collar union's negotiators extra time for work on a 15-month pay agreement which union negotiators are now casting out to see if it catches the 30 per cent-plus elements for electricity supply annual workers and power engineers. The council is not revealing the percentage value of the offer, which is further complicated by proposals for a new pay structure. Cash offers to various grades—some firm, some not—will be considered at next week's annual conference of the National and local Government Officers' Association on the main union involved. Talks are due to resume the following week. Meanwhile, NALGO yesterday set out its industrial action plan for possible use if local authority employers do not move to their "social contract" 21.7 per cent, offer in reply to a 35 per cent, claim at renewed talks after the conference. Delegates will consider a programme of "creeping" strikes in town hall departments starting with a national one-day strike of the 400,000 staff and followed by strikes in 10 authorities, with an added sixth week. But the plan depends on a

German line denies scrapping Channel service

THE GERMAN TT shipping line yesterday denied reports which emanated from Hamburg that it had given up plans to run a cross-Channel ferry service with its vessel the Mary Poppins. The ferry was being used for short runs in the Baltic pending the outcome of further negotiations which resume to-day with British and French unions who have been opposing the service.

Printers for ACAS

The Advisory Conciliation and Arbitration Service has been successful in bringing Shermanns, the Peterborough printing firm, and the National Graphical Association to fresh negotiations on the dispute which has closed the company's plant for the past fortnight. The row centres on the introduction of new computerised machinery and has delayed publication of a new evening paper.

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Applications, stating age, experience and present salary to:

Box T.4133, Financial Times,
10, Cannon Street, EC4P 4BY

Any companies to whom the application should not be sent should be clearly printed on the back of the envelope.

Group Chief Accountant circa £6,000

Saphir Sons & Company Ltd., one of the leading horticultural marketing organisations in the UK, wish to appoint a Group Chief Accountant who will be located at their headquarters office in London. The company, which has an annual turnover in excess of £25M, provides a total service covering marketing and ancillary services and has some 20 wholesale branches throughout the UK and a number of associated companies engaged in different levels of distribution.

The Group Chief Accountant will report to the Group Company Secretary/Financial Controller and be responsible for the co-ordination of all financial and accounting matters, with special emphasis on developing the company's accounting procedures, the preparation of periodic accounts and ensuring that realistic budgets and profit plans are set.

The successful candidate, preferably in his early thirties, will be a qualified accountant with at least 8 years' accounting experience in a commercial company using modern planning and budgeting procedures. Experience of supervising accounting staff and practical experience of EDP is essential. He should offer personal qualities and dedication essential to maintaining and improving financial systems and controls in a flexible fast-moving business, employing tough trading management. There is scope for advancement throughout the organisation leading to board appointments. The commencing salary will be negotiated at about £6,000 per annum.

Candidates should write for a personal history form quoting reference MCS/1822 to Price Waterhouse Associates, 31/41 Wimpole Street, London EC2A 2HD.

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Seeking positions with EEC and U.S. Companies Here and Abroad

National Executive Search, a U.S. based executive search firm now offers a unique relocation service designed to assist qualified executives to make a logically planned career move in the geographic area of your choice.

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The Company is seeking an executive who will be the manager of their European Treasury Office with the responsibility for European cash and investment operations based in West London.

A background and good experience in the following areas will qualify you for consideration:

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These qualifications will call for a dynamic man with high professional standards and a strong sense of individual responsibility.

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An initial salary of up to £8,500 p.a. is offered, together with the blue chip benefits you'd expect from an organisation of Rockwell's stature and performance.

If you match up to this challenge and would like to make your mark in a competitive and stimulating organisation, write with full details of age, experience, qualifications and salary history quoting reference number 100 to C.A. Hudson, Rockwell International, Bechtel House, 245 Hammersmith Road, W.6.



Rockwell International

Group Taxation Manager

around £10,000 + car & benefits

London based

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With turnover in the region of £200 million and trading profit of about £11 million before tax, the group consists of various operating divisions and numerous subsidiaries. It has enjoyed steady growth and improved profitability over the past decade, and intends to follow this pattern into the future.

The position requires maturity, mastery of taxation affairs and a presence and confidence that command respect at the highest level.

The successful candidate will be a chartered or certified accountant, aged between 35 and 50, who has achieved success in tax matters preferably in a large and diversified group.

The initial salary will be negotiable around £10,000.

Please send concise details of career and salary progression, in confidence, quoting reference 470/B, to:



A. C. Crompton,
Deloitte, Robson, Morrow & Co.,
34 Farringdon Street, London EC4P 4DL

Chief Accountant

-who is both futurologist & historian
c. £7000

The requirement is for a Qualified Accountant aged 30-35 who has had real experience of what is usually referred to as American style financial control in manufacturing (ideally engineering) companies. The job is clear cut and reports to the Financial Controller. Financial and cost accounting with a staff of 35 are direct responsibilities of the Chief Accountant.

Key tasks will be to design, "sell" and implement improved financial control and reporting systems for the use of line managers. This will lead to tight meaningful controls, improved costing systems to meet the objectives of cost reduction and profit improvement. There is a systems development programme under way based on a Burroughs 3500 and management information applications will be included.

The Company is a very successful and growing manufacturer of capital goods with a turnover which has already reached £50 million. Some of the support services have to run hard to keep pace with growth, and are fighting fires on route. Being a hard-nosed commercial outfit, it is not the intention to build a large financial department in leisurely pursuit of ultra-refined systems but to add practical strength and professionalism by this appointment.

Salary will be around £7,000 with generous fringe benefits and a helpful re-location policy to the West Midlands headquarters.

Please apply in confidence giving brief details and quoting Ref: 1588/FT.

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Financial Controller (Director Designate)

circa £8,000 + car

William Whittingham (Holdings) Limited, a public group of companies with house building, industrial contract building, property development and colour film processing interests wish to appoint a Financial Controller (Director Designate). The location of the appointment is in the West Midlands.

The man appointed will be expected to take over responsibility for all of the group's business with special emphasis on developing the group's accounting procedures, the preparation of periodic accounts and management information and in particular ensuring that financial resources are properly planned and controlled.

This is a new appointment and the successful co-ordination of the various responsibilities will be a considerable challenge. Age is not a critical factor although it is unlikely that candidates aged less than 30 or earning less than £8,000 p.a. will offer sufficient maturity to discharge the responsibilities envisaged. Knowledge of the funding of operations and practical experience of negotiating for funding would be an asset.

The commencing remuneration will be negotiated around £8,000 p.a. plus a car and the company would contribute to the cost of removal expenses if the successful applicant had to move his house to take up the appointment.

Candidates should write for a personal history form, quoting reference MCS/1822 to Price Waterhouse Associates, 31/41 Wimpole Street, London EC2A 2HD.

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with experience of preparing farm accounts, required by firm in Marlborough area on part-time or self-employed basis. Work consists of preparing accounts from information supplied and agreeing them with the Inland Revenue.

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c. £9,000

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Salary is negotiable: there is a significant bonus scheme, a car is provided and other conditions are in line with accepted good practice. Location is near London Airport but a move slightly further out is envisaged within the next year. Please apply in confidence, quoting Ref. No. 445/FT and stating experience, age, qualifications and present earnings to:

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Please telephone (01-629 1844 at any time) or write—in confidence—for information. Ref. B.6256.

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Please apply in strict confidence, quoting reference number 1636, to Clive & Stokes, 14 Bolton Street, London W1Y 8JL.

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Appointments & Personnel Consultants

GENERAL APPOINTMENTS

GENERAL APPOINTMENTS
ALSO APPEAR ON PAGE 16Company Secretarial
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Spicer and Pegler, an international firm of chartered accountants, have two vacancies in the Company Secretarial Department of their London Office. This is a small but busy department which provides clients with a wide range of statutory and accounting services.

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All replies will be treated confidentially. Interviews are planned.

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Controller

Leeds circa £6,000

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It is unlikely that anyone aged under 33 or currently earning less than £5,000 will be sufficiently experienced. In addition to the negotiable commencing salary, a Company car, contributory pension and life insurance, B.U.P.A. membership and relocation assistance will be offered. Applicants should send brief written particulars of their age, education, qualifications and experience, showing how they meet our requirements, in confidence to:

B.W. Bowler,
Chief Personnel Executive,
E. J. Arnold & Son Limited,
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Edward Bates & Sons Limited,
Canard House,
88, Leadenhall Street,
London EC3A 3DR

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The Investment Manager,
Central Board of Finance of the Church of England,
Winchester House, 77, London Wall,
London, EC2N 1DB.

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COMPANY NOTICES

GENERAL MINING GROUP
DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to shareholders registered at the close of business on the dates given below. The share transfer registers of the companies will be closed during the periods shown below.

Last Day to Register Ordinary shareholders June 20th 1975 Closing of Registers from June 21st 1975 to July 4th 1975

No instructions involving a change of the office of payment will be accepted after the last day to register. The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on the undermentioned currency conversion dates or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Payment will be made by the transfer secretaries mentioned below.

The full conditions of payment may be inspected at or obtained from the head office of the companies or the offices of the respective transfer secretaries.

All companies mentioned are incorporated in the Republic of South Africa.

DIVIDENDS						
Mining Companies						
Name of Company	Class of Share	Dividend No.	Amount Per Share (cents)	Currency Conversion Date	Paying Date	Description
Beaufort Gold Mining Company Limited	Ordinary	35	105	28.7.75	7.8.75	Final
Goldfields Gold Mining Company Limited	Ordinary	42	35	28.7.75	7.8.75	Interim
West Rand Consolidated Mines Limited (See Note)	Ordinary	98	3	28.7.75	7.8.75	Interim
The Chaselside (Pty.) Collieries Limited	Deferred Ordinary	79	282	28.7.75	7.8.75	Interim
Trans-Natal Coal Corporation Limited	Stock	134	34	11.8.75	21.8.75	Final
The Trans-Natal Coal Corporation Limited	Ordinary	25	4	11.8.75	21.8.75	Final
The Trans-Natal Coal Corporation Limited	Ordinary	48	20	11.8.75	21.8.75	Interim

NOTE: Dividends on shares included in share warrants to bearer will be paid in terms of a notice to be published in London as soon as possible after the currency conversion date.

By order of the Board,
GENERAL MINING AND FINANCE CORPORATION LIMITED
per: V. G. M. DAYNES

London Office:
Pratt House,
80/81, New Broad Street, EC2M 1XJ.
June 4th, 1975.

Transfer Secretaries:
Charter: Consolidated Limited,
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Banking

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Contact: Geoffrey Mountford on 01-405 3499.

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The Marketing Scene

GROCERY STOCKS

Light on the gloom

BY ANTONY THORNCROFT, MARKETING EDITOR

IN RECENT months stocks and shares have become the great pre-occupation of the grocery trade—the level of stocks held by retailers, and the effect that out-of-stock situations for a manufacturer's brand has on its market share. So not surprisingly there was a large turnout on Tuesday for a conference on the cost and effect of out of stock situations organised by the Institute of Grocery Distribution and Nielsen, the research company.

Perhaps the greatest interest centred around some surveys conducted by Nielsen into the extent of out-of-stock situations and the reactions of housewives when faced with the absence of the brand they wanted to buy. As is often the case the research was not quite earth-shattering but at least it put the whole question into perspective.

Nielsen looked at 58 grocery markets, accounting for annual sales of almost £2,000m. a year. It discovered that the stock value of these markets in the autumn of 1973 was running at about £110m, and had been increasing for the previous six years at about 5 per cent. a year. Then came the economic crisis and the three-day week which instead of leading to stock shortages

(despite the scares over sugar and salt) produced a rise in stock levels of 27.3 per cent in six months, to £140m. The high cost of borrowing, buying to forestall the three-day week, and a fall in consumer spending, contributed to the over-stocking, which resulted in 45 of the 78 markets covered by Nielsen registering a stock upturn.

Since then there has been an equally dramatic de-stocking and, despite the inflation in prices, there was an actual drop in value. This year inflation has re-asserted itself and by last April there was a 22.5 per cent increase in stocks compared with October, to a total of £169m. So there has been no violent de-stocking in the past six months, and the grocery trade seems to have been quite intelligent in its attitude to stocks, cutting down on extended use products like jam, margarine, cereals and coffee, but if anything, building up in stocks of long-life canned goods.

Empty shelves

So to some extent Nielsen has exorcised the spectre of a rapid de-stocking. But there is definitely an out of stock problem for certain brands, and further researches suggested how consumers react to the empty shelves. A survey of 32 stores was undertaken and over 22,000 customers asked whether they found any out-of-stock situations. Over 2,100 had done so, and of these 39 per cent had decided to look elsewhere, 30 per cent bought a different brand or product, 26 per cent said they might return later, and five per cent bought a different size.

Among younger housewives there was a greater inclination to buy alternative brands. In summary one in ten housewives faces an out-of-stock situation,

and in two-thirds of the cases this leads to an immediate or potential loss to the retailer, while for the manufacturer the sales wastage could be 95 per cent.

This should be worrying for the manufacturers present and David Walters of the IGD rubbed in the implications. He pointed out that any reduction in the volume of deliveries increased the suppliers' costs. "An average supplier is in the situation where for each call made some 75 per cent of his costs occur when committed to that call, with only 25 per cent varying with volume."

Gloom should have deepened even more when Keith Padden of Fine Fare gave an hypothetical example of what happens when, to save on stocks, a big retailer rationalises its stocking policy and eliminates a line. He took as an example a market worth to Fine Fare £800,000 a year in sales. Even if it eliminated a brand holding 25 per cent of this market it could make up most of the turnover, and get even more profit, by introducing an own label brand in the same area, and by the savings on interest charges Padden reckoned that the group would show a net gain of £1,723 and release over £11,800 in working capital. The final result of his examination was that if the same rationalisation took place over the whole £300m. of Fine Fare's turnover the company would release extra working capital of £3m.

It does seem that there will be product rationalisation as companies in the grocery field attempt to improve their profit margins, which are down to little more than 3 per cent. Mike Coburn of Findus Foods said he would welcome retailers stocking products in line with their profitability: frozen foods do well by this criterion.

Bill Ramsay, marketing director of General Foods, made the point that, unlike the U.S., British housewives had not yet suffered a real fall in their standard of living. Drawing on American experience he forecast that when this happened housewives would buy and eat less—over a quarter of U.S. housewives were doing so. In addition, couponing would get a boost—over 80 per cent of U.S. consumers used coupons.



Record D & ADA entry

BY PAMELA JUDGE

THE thirteenth annual film and graphics exhibition organised by the Designers and Arts Directors Association of London was opened on Tuesday by the Lord Chancellor, Lord Elwyn-Jones, seen here (left) with D and ADA chairman Edward Booth-Clifford. The show is at Capital Radio, Euston Tower, London, and is open until June 27.

The four gold awards for the best advertisements (from a design angle) of 1974 went to Southwark Council for the editorial design of the year with its "Southwark Civic News" and "Southwark Tenant", the Central Office of Information for the advertising of 1974, with its Army recruitment campaign; the most outstanding graphics gold was "Words and Music" from David Esser Associates; and the gold film was on fire prevention for the Central Office of Information.

In all there were nine special citations, 33 silver awards, as well as the four golds. Collett

Dickenson Pearce was the agency featured in nine of the awards. Doyle Dane Bernbach figured in five, and Boase Massimi Pollitt and Saatchi and Saatchi came in with four each.

The exhibition is in eight sections: advertising, radio, direct mail, graphics, editorial, design, art and photography, TV and cinema commercials and TV and cinema graphics. Commenting on the objects of D & ADA to encourage the understanding and commission of good design, Lord Elwyn-Jones said that it was "increasingly important for manufacturers to increase the quality of their product and for the public to be made more aware of good design."

Public taste "must not be corrupted by the second-rate and the trashy," Lord Elwyn-Jones also pointed out that some 80 per cent of TV advertising in Holland is designed by British designers.

The show is to be run simultaneously in Amsterdam where it will be opened tomorrow by the Dutch ambassador Sir John Barnes. It is to be held at the offices of Volkskrant at 150, Wihoutstraat and is being sponsored by Internarco Nederland. The London show attracted the highest entry ever, with 405 British exhibitors and 10,000 visitors, a quite achievement in a year where there have been fewer advertising awards because of the cost of the entries.

Winston Fletcher, of Fletcher Sheldon, replies to Ronnie Kirkwood's views on agency changes

Dear Ronnie Kirkwood...



I GREATLY enjoyed your article on this page last week but I was disappointed to see you gingerly pussyfooting your way round a hoary old nettle which has, once again, become a thorny problem for us all.

The nettle in question, as everyone in the advertising agency business is currently all too aware, is the 15 per cent commission system. The dilemma is a simple one: agencies' costs, like everyone else's, will escalate by 20 per cent, plus this year. Clients' total billings must certainly will not increase by 20 per cent, plus this year. Ergo, agencies' profits will be shredded; some will go bankrupt (several already have); many more will make balance sheet losses.

The arithmetic is depressingly simple. Let's take an agency like yours, Ronnie, billing around £5m. In an average good year you would aim to make, say 8 per cent profit on turnover: £150,000. Your total costs are about £600,000. An increase of 25 per cent raises your costs by £150,000, paring your profits to nil. Of course, the outlook is not quite as bleak as that. Budgets have grown a little. Nevertheless it is an extremely uncomfortable predicament for a times a hard. It's called swings and roundabouts, taking the law to the media, spending about £400,000 a month on behalf of clients, some of whom may themselves not be looking all that financially bright right now.

We know it's all a result of the unhappy economic than most agency men allow. In plumb, but that is no solace. We also know that the situation has been aggravated by the over-optimism of both agencies and to thrive and make healthy

clients when 1975 advertising budgets were being planned. Few are the clients who have not cut back (often drastically) their originally planned 1975 appropriations. Agencies, unfortunately, cannot slash their own costs nearly so quickly, even redundancies are expensive.

Do I hear the patter of tiny tears, the heartrending sound of clients blubbing into their non-expense-account sandwich-box lunches? I fear not. Our clients of course, are facing little local difficulties of their own at the moment; but they are not, generally, impervious to their agencies' financial problems. It is not in their best interests for their agencies, or any other satisfactory supplier, to suffer severe financial strains.

The problem, to return to the nettle, is the commission system. Major clients all know, being neither dumb nor daft, that when (as in 1973) advertising budgets are booming, agencies make a bomb out of their larger accounts. Any single brand billing over, say, £500,000—from which the agency receives £75,000 income—has to be exceptionally profitable even to the most incompetent of agencies. And Geers Gross have publicly demonstrated that really competent agency management can generate well over 5 per cent profit on large, television accounts.

Major clients, as we all know, mildly resent this. They do all they can to scrounge back part of the agencies' commission in services and in kind. But so long as the media and the agencies resolutely refuse to budge from the recognition / commission system when it is highly profitable to us, we can hardly rush round to our clients with fee-begging bowls when times get tough.

Meanwhile, I hope this free and frank discussion of our mutual problems will help carry the argument a little further forward.

Your friendly competitor, Winston

Which is not to say that I am particularly against the commission system. I simply think that it is not that important, one way or the other. If we do grasp the nettle and tear it up by the roots, it really won't hurt us that much. Our situation, in advertising agencies, is further complicated by the fact that as principals to the media we carry heavy cash risks. In 1973 agencies coughed up to the media £800,000 of their own money, paying for bad debts. For this risk-taking we need to be remunerated in some way.

So long as you and I, Ronnie, continue to produce the most effective advertising in town, our clients will be happy to pay for our services. And if they're wise, as most of them are, they will be delighted if we make a reasonable profit on the deal.

But if we insist on sticking to the 15 per cent commission system when it is highly profitable to us, we can hardly rush round to our clients with fee-begging bowls when times get tough.

Meanwhile, I hope this free and frank discussion of our mutual problems will help carry the argument a little further forward.

Your friendly competitor, Winston

Winston



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THURSDAY, JUNE 5, 1973

Why the vote must be yes

TO-DAY'S decision certainly will be historic. The debate has been anything but that. It has after all been going on for just about two decades and while the world has changed, the arguments seem to have remained very much the same. More important, too many of the major participants have been preoccupied with the past rather than the future. This preoccupation may be a reflection of nothing more than the present mood of the country, with everyone predominantly concerned with preserving what they have got, fearful lest it be taken away.

On the whole the anti-side has inevitably been more parochial, more conservative, more fearful. Its very composition has guaranteed that. Broadly those who will vote "No" to-day fall into three main categories. There are first of all those, on all sides of the political spectrum, who are motivated—consciously or unconsciously—by straightforward xenophobia. "Frogs," as Nancy Mitford's Uncle Matthew used to say, "are slightly better than Huns or Wops, but abroad is unutterably bloody and foreigners are fiends." Can we really allow these fiends even the slightest say in how we run our own affairs?

Sovereignty issue

There is some overlap between this group and all those who on primarily constitutional and traditionalist grounds ask themselves, as the late Hugh Gaitskell did, whether we are and should be ready to sacrifice "one thousand years of history" and are in little doubt that the answer must be "No." There are some strange bedfellows in this camp. Mr. Enoch Powell and Mr. Peter Shore to name but two who have campaigned vigorously. They are above all worried at the loss of sovereignty, the erosion of the powers of Parliament, the circumscription of our freedom of action if or when the Community moves further along the path to greater integration.

The third and probably largest group is in essence the left wing of the Labour Party. They have adopted many of the slogans and arguments of the traditionalists. But to them the sovereignty of Parliament and of the British people is not so much an end in itself—as it is to Mr. Powell and Mr. Shore—but merely a means to their end, the building of Socialism in one country. Mr. Wedgwood Benn, having changed his mind about the EEC, is the unquestioned leader of this school of thought.

With such disparate forces arrayed against them and the opinion polls showing them to have a seemingly secure lead, the pro-Europeans have on the whole been fighting a defensive action. They have rightly dismissed Mr. Wedgwood Benn's "jobs lost" cry as specious. They have on the whole played down the sovereignty issue by drawing attention to our right of veto in the Community and emphasising quite rightly that the anti cannot point to a single instance where anything which the British Government wanted done could not be done because of our Community membership.

Shopping baskets

Probably the one incident which characterised the campaign best was that of the two shopping baskets. Food is dearer in Brussels than in London, proclaimed the anti. Ah, said the pro, but it is dearer still in Oslo. To what extent this might be due to varying retail margins, different levels of subsidies, whether incomes levels might be relevant were questions which were never even raised, let alone answered. Even in terms of "butter" the debate has been superficial.

For about 15 years now the Financial Times has held the view that for the sake of Europe and for the sake of this country British membership was the right choice. Initially—and in those days tariffs were very much higher than they are to-day—we attached considerable importance to the short-term economic advantages of forming part of the fastest growing market in the world. But then we swung to our present position, that the economic advantages are there, but will have to be worked for over a number of years, and that political considerations are paramount.

We have been sceptical about the short cuts to greater unity sought by the Community. We believed that if Governments were forced to choose between the rigid maintenance of the common agricultural policy and flexible exchange rates they would choose the latter. We have argued that the achievement of full monetary and economic union is much further off than heads of Governments might proclaim in a euphoric moment at a summit meeting. But we also believe that greater European unity must be the objective for which the Community must strive.

A positive vision

Among all the pros, only Mr. Edward Heath and Mr. Roy Jenkins have held out a positive vision of the future. They, as little as any of us, can foretell what form future European integration will take. But they reject totally, as we reject, the prospect of Britain as a tight little island, seeking refuge in a siege economy, opting out of the main stream of world politics. We do not believe that a "Yes" vote will solve a single one of Britain's pressing current problems, but we are certain that coming out would make their solution immeasurably more difficult.

We do believe that in a world dominated by the super-powers, at a time when the U.S. is more uncertain than at any time since the end of the war on how it should use its power, Europe has a vital role to play. It can only hope to make its voice heard, whether it be in relations with the third world or in the dialogue with the oil and raw materials producers, it can only hope to temper the rivalry between the U.S. and Russia if it can defend common interests in common.

Can anyone really deny that Europe will be weaker if we withdraw from the EEC and that Britain as a result will be weaker too? "No man is an island, entire of itself," John Donne wrote. Nor can Britain be to-day. It is because getting out would be a gratuitous act of irresponsible folly, because we have a contribution to make to the building of a more closely knit Europe and a better and safer world that the vote must be "Yes."



Down among the yes-men and out into no-man's land

A pilgrimage by ARTHUR SANDLES

THERE have been times during the last few weeks, in those packed halls at Leeds and Acton, and the not-so-packed Prime Ministerial gatherings of Long Ditch and Dunsbury, when the observer might have been forgiven for reflecting on the old ground rule for Government: when difficulties are too great at home, invent a military threat from outside. From now on, however, perhaps it should be changed to: whenever problems threaten at home, have a referendum.

As the students roared, the flags were waved, the hecklers interrupted and the television cameras whirled at Oxford, an onlooker near me in a sweaty Union balcony turned and whispered: "I suppose there is someone back in Whitehall actually looking after the store." It was all great fun, of course. Messrs. Heath and Thorpe were back in their element of hunter and back-chatter, but Mr. Peter Shore and Mrs. Barbara Castle, produced perhaps in the potting shed of Oxford but more recently harrowed off in the chilly atmosphere of Labour Club back-rooms, a little at a loss. The whole atmosphere caught the mood of the campaign in a matter of minutes. Here was the divided nation presented in full colour television.

The lighter side

Whether the referendum has changed political life in Britain, whether it has divided our two main parties irrevocably, is something that only time and the pundits will reveal. But the campaign has certainly had its lighter side. The politicians themselves have frequently appeared uneasy to the extent of nervousness. Mr. Harold Wilson almost succeeded in insulting himself from the cold winds of party disagreement by having ticket-only meetings and steadfastly refusing to answer questions. Mrs. Margaret Thatcher scarcely ran an aggressive campaign, being finally teased into the arena proper by Mr. Edward du Cann. But the battle itself has been left to the supporting teams, Benn and Shore, Heath and Jenkins.

In the field there was a striking difference between the two campaigns, a difference which widened ominously as the debate continued. The pro-Market meetings tended to be heavily middle class in mood. The audiences were well-heeled, the stewards neat and polite, the Press were sometimes offered telephones and even drinks on the house. At Brighton, after the nostalgic return of Supermac, there was even a post-meeting supper party for the "inner circle" which at times owed more to Ascot than to the hustings. The anti-Market gatherings were earnest events. No mood of victory here, but dusty assemblies of concern and a patent shortage of cash.

At the pro-Market meetings the loudest cheers came for the

audiences heard Mr. Heath talk of the Scotsman who wrote to him "on a very small piece of paper." At the anti-Market gatherings the roars came at talk of sovereignty, at mention of British housewives subsidising the small farmers of France, and at talk of the "capitalist club" of Europe.

At both sets of meetings the questions fell into pattern, and jokes. Time and time again the practical politics of point of view the campaign has been watched very closely by party organisations. The reasons for this are clear enough. This time there will be no cars to take reluctant voters to the polls, no party machines striving to drum up the last ounce of enthusiasm from an unwilling public, and one actually tracked down part

Part of the reason why the provincial meetings eventually will be so low as to be embarrassing. At the last count the referendum were having no particular impact on the television ratings and casual questioning of passers-by (a somewhat unorthodox way of measuring public opinion, known politely in the audience as "dipstick tests") seems to show that the

pro-Market that the poll whose rules had to be invented along the way, and playing to an audience which at times appeared less than interested. Every now and then a politician was pressed hard to say something which would clearly condemn his colleagues in Party leadership as foolish. Occasionally one of them did, notably Mr. Roy Jenkins in his comments about taking Mr. Wedgwood Benn seriously. Those wounds will take some time to heal, not because they are unusual, but because they were inflicted in public.

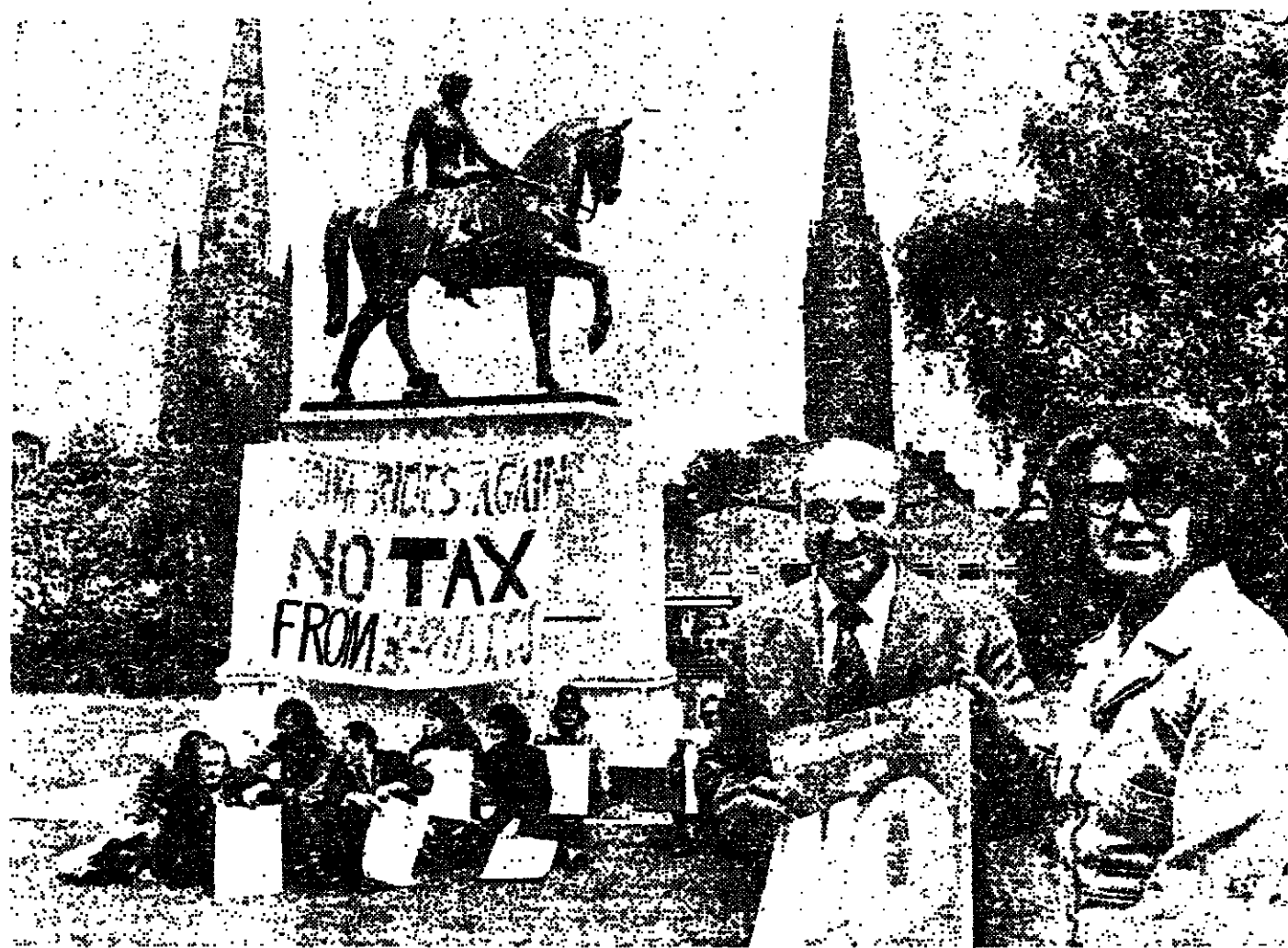
What is worrying some of the campaigners is that the public seem to be much less impressed by all this blood-letting than had been hoped. Fresh from watching the Supermac triumph in Brighton I stood in the vast emptiness of the Dome Theatre as the watchman made his final check. Everyone else had gone and the place had that dull unearthly echo about it which is peculiar to theatres. "Don't know what all the fuss is about," he said. "I don't think anyone is interested, do you?" About 600 people had arrived in an auditorium which holds at least 2,000. It had been an impressive speech, but the hecklers were often drowned by the sound of their own echo. At Bedworth the Prime Minister actually prefaced his speech with an explanation of why an audience of 200 in a hall which could hold 800 should not be interpreted as a sign of apathy.

Element of bitterness

This lack of actual contact with the public has produced an element of claustrophobia about the campaign which looked like unerving the embers in the last stages of the battle. It was probably for that reason that an element of bitterness started to creep in, and the mood of the first appeals edged towards the desperate. The greatest bond of political "don't knows" at the moment lies among the politicians, who really do not have the foggiest idea of how their campaigns have gone.

For journalists covering the campaign, this howlingly depressing, because even if opinion polls shows that one side or another is going to win, that will apply only if actual participants were particularly enthused. For once, the commentator, used to living off his "well, I was there, of course" name-dropping, is faced with comments of sympathy rather than admiration.

Now we face a couple of days of voting and counting. And after that the tidings up I have started a collection of campaign posters—Liberal Say Yes East Sussex in Europe, Vote No to Rising Prices, Young Socialists Say Out, Who knows, they might be worth something one day.



Lady Godiva rides against the EEC. "Then she rode back clothed on with Chastity. She took the Tax away and built herself an everlasting name" are the words of Tennyson inscribed on the plinth of Coventry's statue. And it was that inscription which inspired this group of anti-Marketees, including (foreground) local MPs Mrs. Audrey Wise and Mr. Bill Wilson, to hold a vigil in the statue's shade.

eventually it become clear that the audiences in the halls at least were very largely not really listening to the arguments. If the evidence of the halls were all that one had to work on, it would be simple. The middle class of Britain will vote "Yes" because it fears a take-over from the Left; and the blue-collar workers of the nation will vote "No" because they do not think that their industries can survive direct competition from Germany and France and that they will therefore lose their jobs—or at least their standard of living. At many gatherings there seemed a yearning on the part of pro audiences to be part of the wealthy European bourgeoisie, and at the anti

not even particularly clear of the "beef mountain" to "don't knows" are still heavily represented. If, after all that, there is a large poll and a decisive vote, the parties will begin to wonder whether or not their election style in the past has been the right one. Given a low turnout and down the countryside the local agents will be able to turn to their candidates and say: "Look what happens when you haven't got me behind you." At the moment the view seems to be that the turnout will be low but whether that fact owes more to boredom among a public which has seen two elections and a referendum in 18 months and would prefer to see a Government actually governing than to the absence of local party organisation is a matter of considerable argument.

There is a growing fear among

MEN AND MATTERS

Grenside's lead for the Institute

John Grenside, yesterday elected president of The Institute of Chartered Accountants in England and Wales, takes a depressing view of the economy. Last December he was publicly warning of "spectacular failures" in the next 12 months, and auditors will inevitably get much of the blame for them. Since then he has spent much of his time advising Burnham and Ferranti. Now he says that unless inflation is curbed, "the Government measures to aid companies got them through last winter, and to get us through this one, but not far beyond."

He says this without any of the sombre disinterest of which accountants are sometimes accused and is no model for the Institute's irreverent title of the League of the Walking Dead. An agreeable, highly articulate man, his current influence is shown by his also taking up a personal appointment by the Governor of the Bank of England on the City Liaison Committee. He will take over there from Sir Henry Benson, who has become the Governor's industrial adviser. Benson was accountancy's first representative on the committee. Referendum Day is an apt one for Grenside to start his presidential year at the Institute. Since 1972 he has been its EEC expert, representing British accountants on the grouping of principal accounting bodies within the EEC, going through the revision of the EEC directives on company law and professional practice. He will be worrying, he says, denigration plot, but it is very strange. The makers, G. and R.

His election means the President's role comes back to the big battalion Grenside being a partner of Peat, Marwick Mitchell and succeeding Kenneth Sharp, from the small Carlisle partnership of Armstrong, Watson, Stanley Kitchen, elected deputy president and so in line to succeed Grenside, also represents a major firm. Touche Ross, through a partner in its Birmingham practice. Both men are products of Rugby School.

The move from some of the accountants in industry and commerce to get bigger representation on the Institute's Council came to little in recent elections and, having once provided one president, that situation looks unlikely to change while the job takes up. Grenside estimates, 75 per cent of working time. It has meant, in his case, Sir Ronald Leach putting off retirement as senior partner of Peat, Marwick Mitchell until Grenside can take over there in October next year.

Baby talk

When Mark and Helen Holland used their new baby-minder at the week-end—it is one of those electric gadgets which allow parents downstairs to hear their babies waking up and to try to soothe them from a distance—the speaker crackled out neither gurgles nor cries but a strident denunciation of Spain as a fascist enemy of the people. A female voice then promised that Radio Moscow would shortly play the song *Take Me Back to Siberia* and sure enough it

It is not some Orwellian invention, denigration plot, but it is very strange. The makers, G. and R.

Wrenn of Basildon, Essex, say there is a slim chance of such instruments acting as radio receivers and because their is a rather superior model, with five transistors, it will reproduce any sound picked up more clearly than most. They will also fit suppressors for those having trouble.

What is remarkable is that the rare cases of interference by radio usually affects people living near transmitters, often those of the police or taxi firms. The Hollands live in Cheshire, so this is a tribute to the power of Radio Moscow's short wave transmitters.

To him who has

The senior partner of stock-brokers Sandelson not only drew Grundy in the Stock Exchange first prize of £13,000. He drew the same horse in one of the jobbers' sweeps as well. His name is Alan Krapp.

No Crocker axe in London

Most top American bankers wheeling through London are hard put to resist some sage lecturing on the plight of the U.K. economy. Not so Thomas Wilcox, 58, of California's Crocker Bank: his talk is of how in his thirteen months as chief executive the bank has jerked itself away from one of the less regarded in the industry, with earnings on the slide since 1972. One of Wilcox's most spectacular steps has been to cut the workforce by a hefty 10 per cent. The U.S. jargon word is "outplacement." 1,200 people from senior managers to clerks departed in nine months. It was not Wilcox's first such experi-

ence. After 37 years with First National City Bank (from messenger boy up to vice-chairman) he switched for a short period to the life of a professional non-executive director before going on the board of Eastman Dillon, a New York investment bank. In his two years there, the group took over rivals Blyth and Company, and Wilcox took charge of redundancies.

With the invitation to join the help of a New York executive search firm, the "separation process" began, starting with senior managers. Wilcox claims that 90 per cent moved to new jobs with equivalent status and pay. "I've done all the jobs that were involved," he says. "And I was a clerk longer than I was an officer. We were not ruthless."

Crocker only has two full branch offices abroad: London and Tokyo. Does his visit to Britain mean the axe swings here too? True, the manager and deputy manager in London have changed, but with the increased emphasis on corporate banking, "I've found the staff here too modest, to small for the operation we have in mind," Wilcox says.

Buzz

The late Mrs. Ivy Mabel Blackhurst of Sheffield left £22,000 on trust to take care of her cat Blackie for up to 20 years. Interviewed about the news yesterday a neighbour said the Blackhursts were a "peculiar couple. She used to stand at the gate with a monkey on her shoulder, and he kept bees."

Observer

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FINANCIAL TIMES SURVEY

Thursday June 5 1975

Ivory Coast

Ivory Coast's development over the past 15 years has been characterised by steady economic growth and continuing political stability. In this Financial Times Survey PAUL ELLMAN of our Foreign Staff looks at the strategy behind these achievements and examines the main sectors of the country's economy.

Stern
tests
lie
ahead

BY ANY STANDARDS, let alone those of other African countries, the achievements of Ivory Coast since independence in 1960 have been astonishing. With a population of only 6m. and relatively little of the way of natural riches to start off with, the French-speaking West African country has transformed itself into a success story in a continent which has produced more than its fair share of disappointments over the past 15 years. Since 1960, Ivory Coast has consistently enjoyed the highest growth rate in Black Africa, with its GDP rising by an average of 8 per cent a year. In the process, its capital, Abidjan, has grown to a bustling metropolis of almost 1m. people, complete with mushrooming

skyscrapers, elegant shops and fine restaurants.

All this has been largely due to the happy coincidence of high prices for the primary products the country produces, notably coffee, cocoa and timber, with a cold-blooded decision by President Felix Houphouët-Boigny to grant a free hand to foreign investors, who benefit from one of the least restrictive investment codes in the world.

The Ivorian Government has also relied heavily, at one end of the scale, on the army of French planners who abound in every Ministry in Abidjan, producing one glossy report after another on fresh paths the country's development might take, and, at the other end, on workers from neighbouring African states, who represent almost 40 per cent of the workforce, often occupying the lowest paid positions.

This reliance on foreigners remains a major preoccupation of the Ivorian authorities, but the proportion of jobs occupied by non-Ivorians declined by only 1 per cent in the three years 1970-73 and there is little the Government can do, so long as the economy remains relatively buoyant, to give Ivorians the taste for menial tasks.

The presence of so many Whites in the country—their numbers have gone up almost five times since independence—has also been seized on by Ivory

Coast's critics as further proof that the country is not "really" independent.

The critics have never been in short supply and the country has been subjected to a barrage of analyses all aimed at demonstrating that its alleged achievements are illusory and that sooner or later it will become the victim of the contradiction of having continually to strive for growth simply in order to meet the bills it has to pay for previous development.

Nevertheless, it would be churlish to deny that Ivorian officials themselves are unaware of how brittle the country's economy remains, despite the massive investments designed to broaden its export base, and there is a continuing fear that the country's achievements could disappear overnight.

Striving

The outside observer might indeed be tempted to compare the atmosphere of present day Abidjan with that of a town caught up in the Californian gold rush, were it not for the fact that the Government is continuously striving to lay the foundations for a perhaps less breakneck, but possibly also more secure economic future.

The great danger now is that the fall-off in foreign investment and the general downturn



President Houphouët-Boigny during a recent tour of the country.

in the markets for Ivory Coast's primary products will arrest development at its present phase, at least for some time into the future. The Government is aware that this could be politically catastrophic in view of the fact that relatively little of the wealth generated in the boom years has filtered down to the average Ivorian, who still lives at virtually the same level of subsistence as he did in 1960.

It is presently relying heavily on the goodwill it built up during the boom years to borrow its way through the present situation, which has produced the first faltering so

far in the race for growth. Such an approach requires Boigny's approach to politics, strong nerves, and the next few years are likely to provide a stern test of the political maturity of Ivory Coast's countrymen.

Apart from the economic "miracle," Ivory Coast has managed to make its weight felt disproportionately on the African diplomatic scene. Thanks largely to the fact that President Houphouët-Boigny was the pioneer of "dialogue" with South Africa as far back as 1971, when the recent understandings between Pretoria and Lusaka were unthinkable. Dialogue in effect remains the

essence of M. Houphouët-Boigny's approach to politics, and is something to be engaged in not only with white South Africans, but also with his own countrymen.

The President's rule has been remarkably stable by African standards, despite student discontent in 1968 and 1971, and a rather bizarre uprising at Gagnoa in 1970, the alleged instigators of which were only brought to trial last year. Whether this stability will survive M. Houphouët-Boigny's departure from the political scene is a cause of continuing anxiety in Abidjan, notably since the Baoule tribe, the

President's own people and the richest group in the country, although far from the majority, continue to monopolise political power.

Giving other ethnic groups the impression that they have not been forgotten has become something of an obsession with Ivory Coast's rulers and great play is made of the investments already made in such projects as the port of San Pedro in the west and the location of sugar plantations aimed at making the country self-sufficient in sugar around Ferkessedougou in the north.

Infrastructure investments, so far, have produced slightly disappointing results, the sugar programme, which is managed by Lounho, having run into difficulties, while San Pedro has been hit by the slump in the timber trade.

Kossou

The changes wrought by the energy crisis have, however, succeeded in this second, and made at least one of the country's pride and joys, the hydro-electric dam at Kossou, on the Bandama river near the President's home town of Yamoussoukro, viable at last. Work on a second dam—further down the river at Taabo, the site on which the Government was originally advised to build the first—has now been started and is expected to be com-

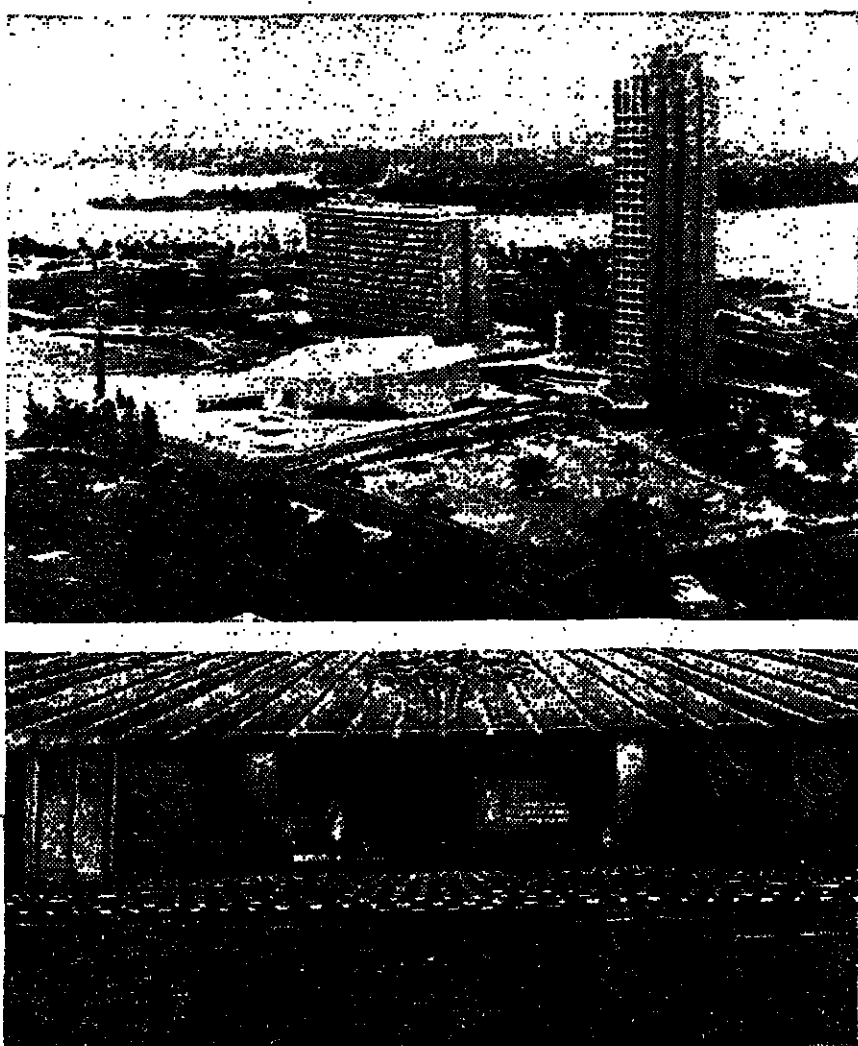
BASIC STATISTICS

Area	124,550 sq. miles
Population	4.5m.
GNP	Fr. 411bn.
TRADE (1973)	
Imports	Fr. 157bn.
Exports	Fr. 190bn.
Imports from U.K.	£3.9m.
Exports to U.K.	£15.2m.
TRADE (1974)	
Imports	Fr. 232bn.
Exports	Fr. 291bn.
Imports from U.K.	£6.5m.
Exports to U.K.	£19.9m.
Currency	CFA Franc
	£1=Fr. 463

pleted by 1979 at a cost of CFAFr. 28bn.

State-financed projects are likely to play an increasingly important role in future development of the country, making it more closely resemble perhaps other developing nations. Whether it will succeed in this second, and in the long term more crucial, stage of its development is becoming increasingly difficult to assess. However, the spirit of can-do is still flourishing in Abidjan's corridors of power and Ivorian officials, having seen past gambles pay off handsomely, remain convinced that the country can weather present difficulties and emerge stronger than ever.

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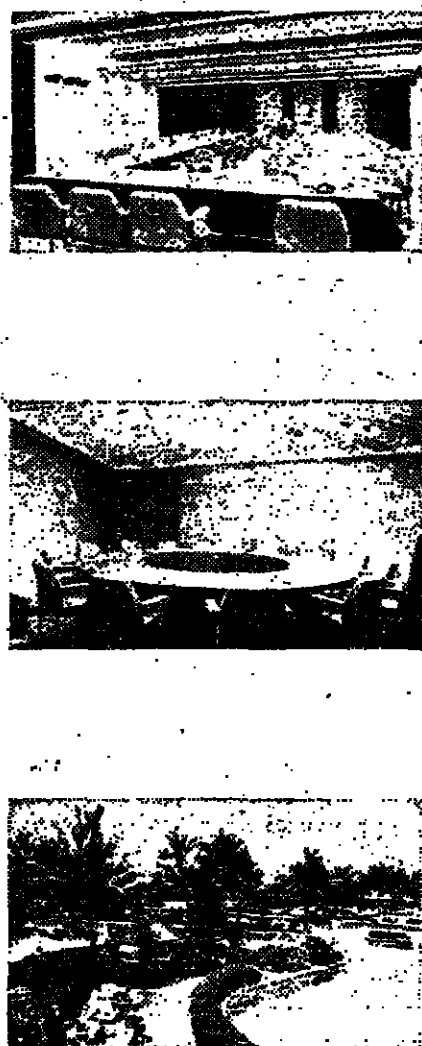


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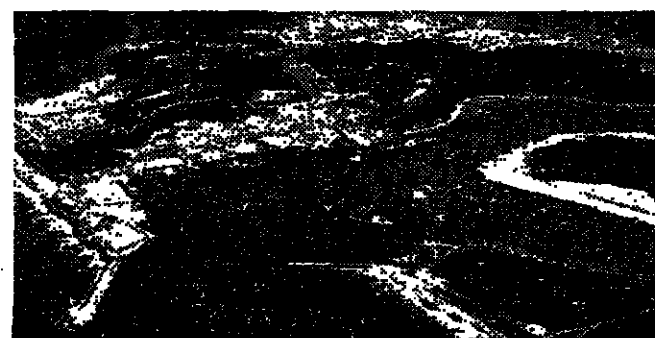


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IVORY COAST II

Forecasters of the collapse of the Ivorian experiment in open-door capitalist development have been continually confounded by an average growth rate recorded at 8 per cent. since independence. But there are signs of a slowing down. Vital sectors are controlled by foreigners.

Slower economic growth

THE RAPID and sustained growth which has been the hallmark of the Ivorian "miracle" since independence in 1960 is finally showing signs of slowing down. Estimates of public expenditure for 1975 were accompanied by a gloomy analysis of the world economic climate and its likely effects on the Ivorian economy as well as by a blunt warning from M. Henri Konan Bedie, the Finance Minister, concerning future expectations. "It is no longer possible to base the growth and development of the Ivorian economy on the same

degree as in the past on the expansion of our exports," he said. While ruling out autarky, he stressed that something would have to be done to cut back on non-essential imports and urged "more machines and capital goods and fewer foodstuffs and superfluous products." Of course, citizens the world over have become increasingly accustomed during the past two years to hearing exhortations like this from Finance Ministers grappling with the after effects of the Yom Kippur war.

What gave M. Konan Bedie's remarks added weight, however, was that they came against the background of a year in which Ivory Coast chalked up a trade surplus of Frs.54bn. and against all expectations, a balance of payments surplus estimated at Frs.20bn., the highest ever, as well as a 3 per cent. real growth in GDP. Pro- phesying the final failure of the Ivorian experiment has long been a favourite sport among commentators whose ideological predispositions or faintheartedness rejected the "open door" capitalism which allowed the

country to record an average 8 per cent. growth in GDP since independence. Yet the country's economy has gone from strength to strength while other African countries have seen themselves trapped with near-zero growth. All this has been achieved without substantially greater natural resources than many neighbouring states. Even now, despite diversification efforts, three products—coffee, cocoa and timber—account for more than 70 per cent. of Ivory Coast's overseas earnings. Despite the massive influx of

foreign investment during the "decade of growth" the country's industries still make only a relatively insignificant contribution to the economy and two-thirds of the population rely directly on agriculture for their livelihood.

Indeed, the sharp rise in foreign investment created its own problems, which the country is still a long way from resolving. The number of Frenchmen in the country is now approaching 50,000, compared with only a little over 10,000 in 1960, and there is a real possibility that their numbers will grow further if the country should succeed in developing any of the major industrial projects for which it has been seeking international support.

The funds transferred by these foreigners, along with profits repatriated by foreign companies, represent a continuing drain on the country's resources, with an amount estimated at around 15 per cent. of the GNP leaving the country each year in the shape of capital exports.

Loath

With new foreign investment in extremely short supply in the present international climate, the Government is clearly loath to do anything which might kill the goose that has laid so many golden eggs over the past 14 years, and it is highly unlikely that steps will be taken in the foreseeable future to curb capital exports from the country.

The circumstances in which it could do so—continuing massive increases in exports and increasing mobilisation of locally held capital—do not exist at the moment and are unlikely to do so in the immediate future, particularly since inflation has produced a decline in savings. The State, meanwhile, has found itself taking



Coffee is one of Ivory Coast's major exports. Here coffee beans are seen drying in the sun.

on an increasingly large share of the country's development, with the Government's investment budget last year totalling Frs.44.3bn., and rising to Frs.54bn. in 1975. To finance this, Ivory Coast has been driven increasingly to borrow abroad, and the level of indebtedness has risen steadily from Frs.92.4bn. in 1970 to Frs.143.8bn. last year.

News that servicing the debt would cost Frs.18.8bn. last year, compared with Frs.12.4bn. in 1973 produced a flurry of comment in some circles. The Ivorian authorities were extremely irritated by these comments, which carried implications that the country could not meet its commitments, and point out that the reason it was so high was because Frs.4bn. more than originally foreseen was re-imbursed during the year. Indeed, the servicing of the debt is expected to fall back to Frs.16.8bn. this year, representing a more linear growth which the authorities feel is in tune with the continuing development of the country.

Nevertheless, the Finance Ministry is expected to take steps to curb borrowing on the international market by state corporations, which negotiate their own loans on the basis of

Government guarantees. The rapid growth in this sector can be shown by the fact that borrowings by state corporations shot up from Frs.3.3bn. in 1972 to Frs.9.6bn. last year.

Testimony

All the same, the fact that Ivorian State has been able to continue to borrow so easily from international bodies, is a striking testimony to the standing of the Houphouët-Boigny regime. It is even more striking when it is considered that Ivory Coast's reserves have traditionally never been particularly healthy, tending to hover around the level where they cover less than a month's imports.

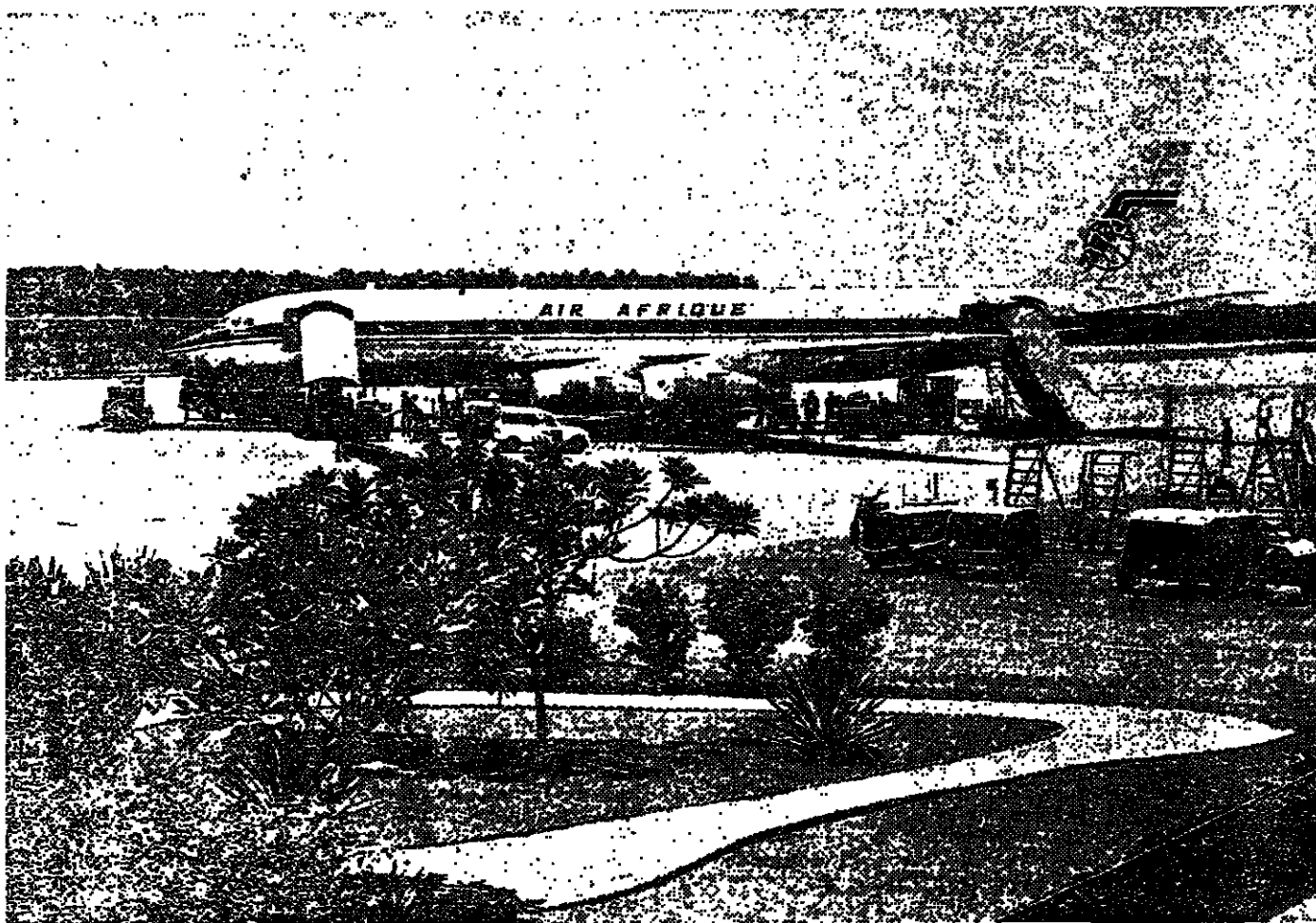
This has been made possible to a certain extent through its membership of the West African Monetary Union (Union Monétaire Ouest Africaine). Reserves of the six nation grouping are held in a common account at the Bank of France, which also guarantees the CFA franc's parity with the French franc. (Frs.50-Frs.1).

As a result, Ivory Coast can to a large degree rely on the monetary caution exercised by its partners, Upper Volta, for example, normally tries to keep its own reserves at enough to cover six months of imports, to ensure that its currency remains strong.

The growing State share in the economy financed by this borrowing has brought a large number of associated problems in its wake, notably the greater danger of corruption and lack of business flair which has made many State corporations only marginally profitable. Moves to dynamise the country's managers are currently underway, with the status of civil servants being changed and the banking sector being introduced to wide-ranging reforms.

A major hindrance to the development of a realistic approach has been the failure of the banks to adapt to the need of a swiftly-changing economy. Until only recently, for example, the banks submitted all requests for loans to the central bank for approval, a procedure which has now been halted.

In the long run, the Government is counting on the success of Ivorianisation to give Ivorians both the taste and the feel for business which the break the grip that foreigners still hold on its economy and for finance future growth from its own resources.



An Air Afrique jet at Abidjan, where the airline has its base.

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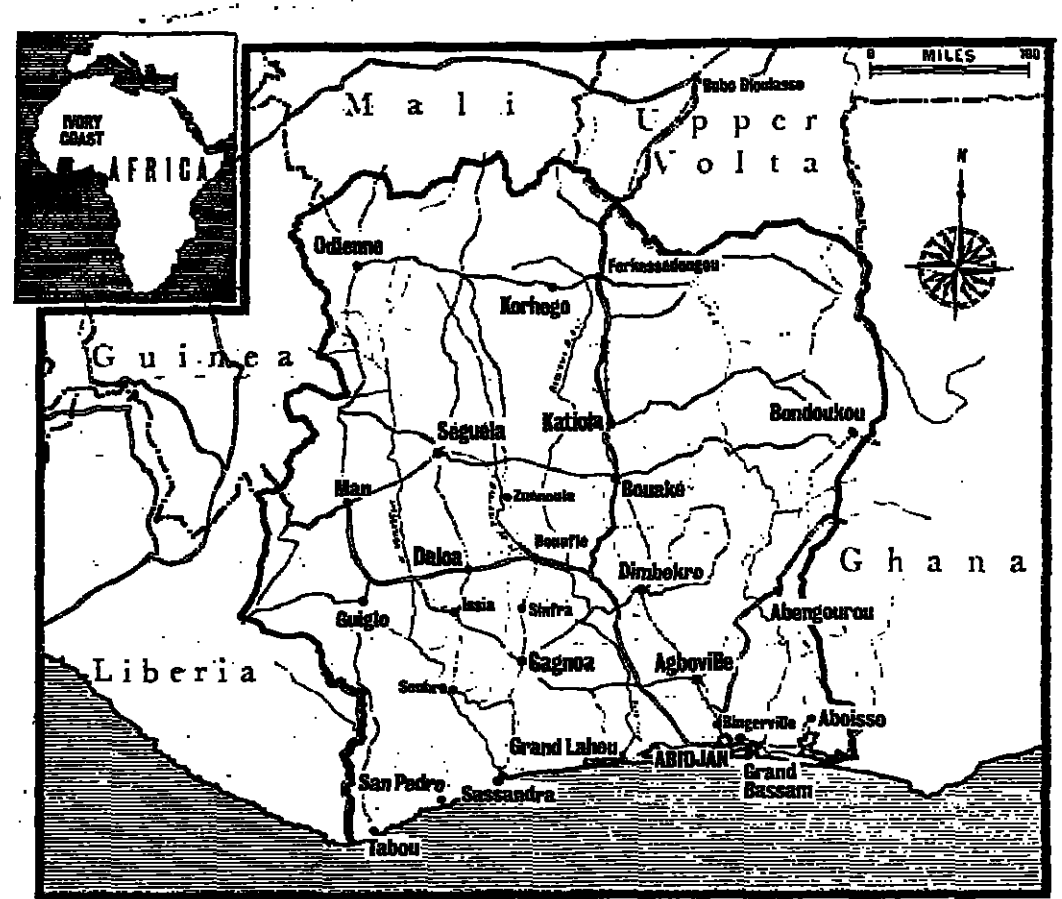
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IVORY COAST III

President Houphouët-Boigny keeps a strong grip on Ivory Coast's political reins. However, his choice of successor has not been widely approved and his basic strategy since independence, particularly in foreign affairs, has also been criticised.

Stable political base



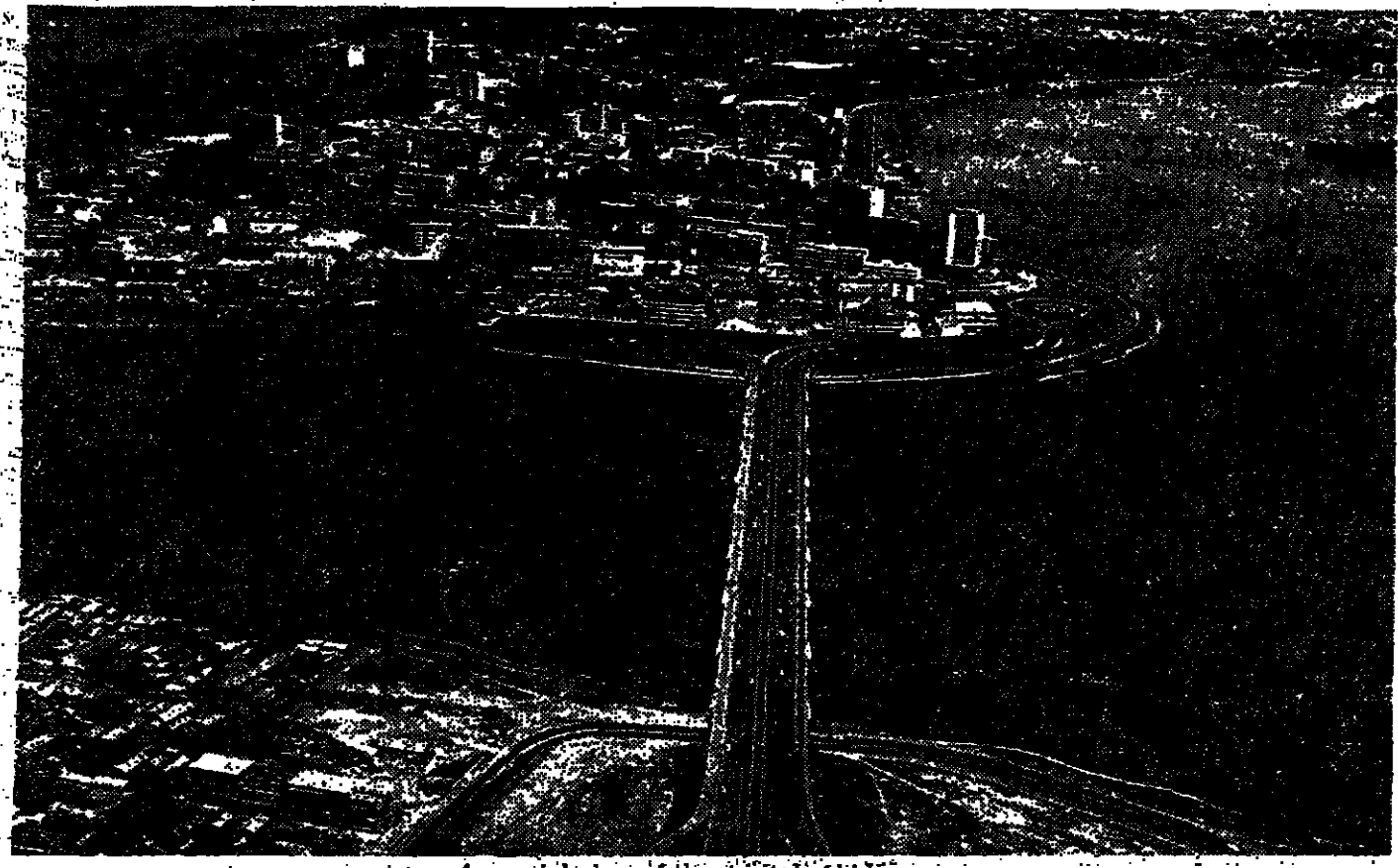
IVORY COAST last month got round to recognising formally that President Félix Houphouët-Boigny, the cunning planter who led the country to independence, could not be there for ever. Article 11 of the constitution as amended to provide that, in the event of his death, his duties should be taken over by the President of the National Assembly.

apparent M. Philippe Yacé, who apart from chairing the Assembly is also general secretary of the country's ruling PDCI party. How the choice has gone down with Ivoirians is difficult to tell in the 'closely-controlled atmosphere of Abidjan, but M. Yacé is widely regarded as unpopular in the country as a whole. M. Yacé's own political beliefs remain virtually unknown, although it is felt that he would pursue a rather more nationalistic line than M. Houphouët-Boigny. His performance so far has been characterised by

extreme loyalty to the President and it is perhaps to this that he owes his choice as successor. of Fraternité Matin, who was appointed Information Minister in last year's Cabinet reshuffle. Another outside contender is M. Mathieu Ekra, the Interior Minister, who has the advantage of coming from a small coastal tribe and who can also expect to win some popularity for the introduction of elected local government, which will free the provinces from the often dead hand of central rule from Abidjan.

None of this means that M. Houphouët-Boigny, now 69, is thinking of gradually withdrawing from the political scene. The President, known universally as "le Vieux", remains visibly in command, continually playing off one faction against the other, both within his Cabinet and the upper echelons of the PDCI, and generally succeeding in giving all sides just enough to keep them happy for the time being.

M. Houphouët-Boigny so overshadows the other members of his Government, that it is difficult to see how the country's remarkable stability will be maintained after his death. Yet, despite the highly personalised nature of his rule, there are few signs of the personality cult which has been built around other African leaders. Shops and businesses have not been obliged to hang photographs of the Head of State on their walls and, while the President's movements and utterances are sure of a front page display in the only newspaper, Fraternité Matin, they are on the whole treated with a lack of slavish adulation.



An aerial view of the capital, Abidjan.

The almost total absence of public discussion of the political options facing the country can mislead the outside observer into believing that politics, as a process in which people seek power to achieve certain goals, barely exists in Ivory Coast at all. But one does not have to dig too far to discover that many Ivoirians, particularly intellectuals, question the whole strategy the Government has followed since independence, particularly in allowing foreigners not only to maintain but to tighten their hold on the country's economy. At the

same time, M. Houphouët-Boigny's call for "dialogue" with South Africa as a way of killing apartheid with kindness is widely criticised by Ivoirians and, indeed, is barely mentioned officially inside the country. A further source of discontent is the disproportionate amount of political power wielded by members of the President's own tribe, the Baoulés, who inhabit the most developed Western part of the country. In a bid to redress this, M. Houphouët-Boigny last year announced that development was henceforth his Government's first priority, and kicked the campaign with the pilgrimage to the North, the poorest part of the country and one which was affected by the Sahelian drought in 1973.

The President discovered that the area was suffering from "shameful" neglect and, to improve the taste of political power which States (CEDEAO). The Ivoirian will lead them to ask for more eventually. In any case, French officers still occupy a number of key positions in the Ivoirian armed forces, and a 450-man State force of Marines is stationed at Port-Bouet as a further disincentive to local military road of pan-Africanism is still an open question, and officials in Abidjan still cite a comment he made some years ago, that but to tighten their hold on the country's economy. At the

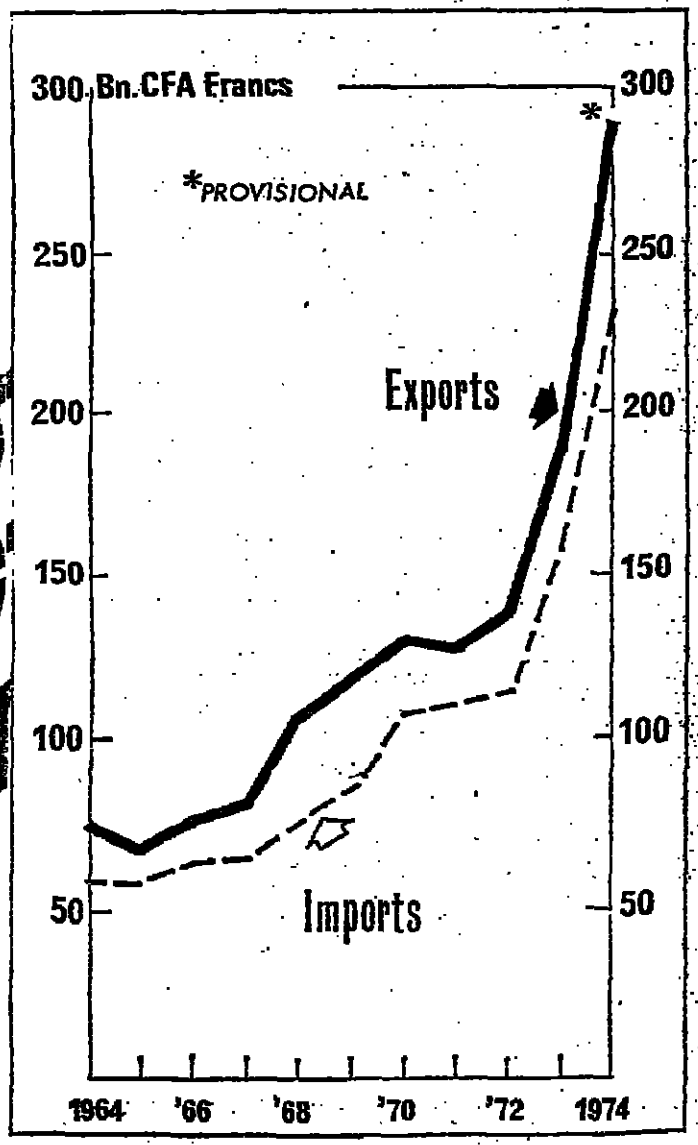
meeting he held last year with South African Premier John Vorster at his private estate at Yamoussoukro. At the same time, the Ivoirian leader has taken an increasingly active interest in the liberation movements of Southern Africa, forging extremely close links with the Marxist-leaning MPLA movement in Angola. The President has again let it be known that Ivory Coast is not prepared to be a "chasse privée" for French interests although the former colonial power remains by far both the biggest buyer and supplier on the Ivoirian market. M. Houphouët-Boigny has also apparently overcome some of his previous mistrust of the English-speaking African nations, again as with his wooing of the regions, only time will tell if the end of May which saw the 15-nation Economic Community of West African States (CEDEAO). The Ivoirian leader eventually delayed his departure from Lagos in order to hold lengthy private discussions with Nigeria's Head of State, General Yakubu Gowon. How far M. Houphouët-Boigny succeeded in defusing grievances in the north rather than simply raising expectations remains to be seen, but regionalism remains a major part of the Government's stated policy as it warms up for September's Presidential election and National Assembly elec-

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Strategy

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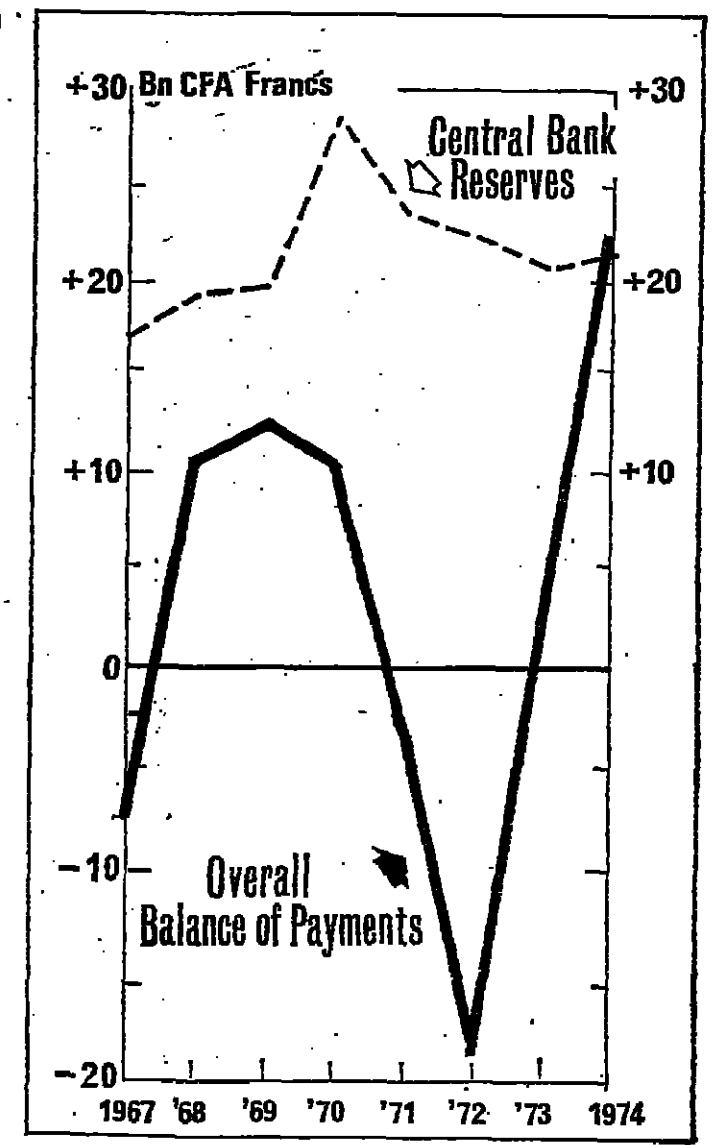
SUBSTANTIAL AND INCREASING BALANCE OF TRADE SURPLUS OVER THE LAST DECADE



Principal Exports in 1974	
in metric tons	
COFFEE	260,000
COCOA	205,300
PALM OIL	102,000
BANANAS	175,000
PINEAPPLE	67,000
TIMBER (m3)	2,800,000
OTHER EXPORTS : cocoa products, soluble coffee, cotton, rubber, cola nuts, vegetables, printed textiles, palm nuts, canned pineapples, canned fish, diamonds, etc. . . .	

Export Surplus over Imports	
billion CFA Francs-1960/74	
1960	+ 6.44
1965	+ 10.07
1966	+ 13.05
1967	+ 15.21
1968	+ 27.26
1969	+ 31.94
1970	+ 22.49
1971	+ 15.72
1972	+ 25.22
1973	+ 33.33
1974	+ 59.48

Rate of cover	
Export FOB/Import CIF	
1960	119.9 %
1965	117.2 %
1966	120.5 %
1967	123.4 %
1968	135.1 %
1969	137.0 %
1970	120.8 %
1971	114.2 %
1972	122.0 %
1973	121.3 %
1974	125.6 %



Investment enquiries should be addressed to:

Ministère de l'Economie et des Finances,
Boîte Postale 1766,
ABIDJAN,
République de la Côte d'Ivoire.
Telex: MINIFIN ABIDJAN 747.
Telephone: Abidjan 22.81.61.

OR

Embassies of the Ivory Coast:
UNITED KINGDOM: 2, Upper Belgrave Street, London, S.W.1. Tel: 235-6991.
FRANCE: 102, Avenue Raymond Poincaré, 75-Paris 16ème. Tel: 553-6909/4030.
WEST GERMANY: 53, Bonn-Bad Godesberg, Bachemerstrasse 25. Tel: 12121/2.
UNITED STATES: 2424, Massachusetts N.W. Washington D.C. Tel: 48.32.400/.

IVORY COAST IV

The pace of "Ivorianisation" of business and industry has quickened over recent years, but the Government still gives a welcome to foreign investors and is being careful not to impose controls that will deter investment.

Foreign influence on the wane

OUTSIDE CRITICS of Ivory Coast's development strategy have above all tended to seize upon the fact that the bulk of the country's economy remains firmly in the hands of foreigners.

In the first ten years after independence, the so-called "decade of growth," these criticisms were largely shrugged off by the Ivorian Government on the grounds that the boom would not have been possible if foreign investors were continually obliged to cast an eye over their shoulders to see if their interests were in danger of being nationalised. Between 1960 and 1970 according to a study carried out at the time the percentage share of nationals in the Gross Domestic Product in fact declined from

46.8 per cent to 32.3 per cent and it is only relatively recently that the Ivorianisation ceased to be more than simply a demand by disaffected Abidjan intellectuals and instead became adopted as official State policy.

Initially however there was a feeling that the Ivorianisation could be achieved without the need to exercise too much pressure on foreign investors. The idea behind this being that the country's soaring growth rate would create enough room for both foreign and Ivorian owned enterprises to exist side by side.

Among early moves in the direction was the reservation of certain activities notably coffee and cocoa growing for Ivorian nationals. The Government also decided to break the hold of French interests on the timber

industry by deciding that the all new forestry exploitation permits would be granted to Ivorians only.

These steps were accompanied by a certain degree of exhortation to foreign business interests to grant Ivorian interests a bigger say in their activities but it was not until 1973 that anything in the way of real progress began to manifest itself. Following the creation of a special Ivorianisation Committee by the country's supreme political body, the Political Bureau of the ruling PDCI Party, the number of enterprises which embarked on at least partial Ivorianisation according to figures published by the Ministry of Finance, moved from 52 per cent in 1973 to 76 per cent last year. How much

of this simply consists of lip service to official policy is difficult to ascertain but the feeling expressed by one local businessman, "On yes we took on an Ivorian and called him deputy director or something like that, gave him his own office and then left him to amuse himself," is probably more widespread than the Ivorian authorities would like to admit.

According to a poll conducted at the end of last year by the Finance Ministry among the country's 300 biggest companies Ivorians occupied only 29 per cent of top management posts, compared with 67.4 per cent held by non-African foreigners and 3.6 per cent by citizens of other African countries.

The Government says that it intends, in co-operation with

private business, to ensure that by 1980, Ivorians will occupy 60 per cent of executive positions in the private sector but concedes at the same time that a major stumbling block remains finding recruits of the right calibre.

Despite the rapid growth of higher education with the number of degrees awarded by the University of Abidjan increasing from 283 in 1968 to 1,642 in 1974, Ivorian graduates tend to be unsuited to the needs of an economy increasingly oriented towards commerce and industry.

Arts and law together accounted for almost half the degrees awarded in the last academic year while science and economics together represented only 35 per cent. This is largely explained by the fact that the chances of finally obtaining a degree are only 34 per cent in the Science Faculty while in the Arts Faculty, they are 61 per cent.

The Government is counting on the operation of supply and demand in the jobs market to counter this tendency in the years ahead but as an interim measure, it has set up a number of centres designed to provide arts graduates with at least a rudimentary training in industrial and commercial practices.

Even if the Government does

succeed in its relatively modest aims concerning the placing of Ivorians in key positions inside foreign-owned enterprises the task of actually giving local citizens a real stake in the ownership of the developed sector of the economy will obviously be much more difficult given the lack of indigenous capital resources.

Nevertheless, as M. Henri Konan Bédié, the Finance Minister, pointed out in a recent interview, while the Government remains firmly opposed to outright nationalisation, it is equally committed to ensuring that at least 51 per cent of their capital should eventually be in Ivorian hands whether these belong to the State or private investors. As far as wholly private businesses are concerned, the Ivorian Government has created three complementary bodies aimed at aiding the development of the locally owned private sector. The most important of these is the Office National de Promotion de l'Entreprise Ivorienne (OPEI).

OPEI has been set up to provide a framework for the development of the private sector which will not be known citizens on investments prospects has also acted as intermediary for those wishing to

bring the structure of capital

push this process in the immediate future remains something of an unknown quantity, since it remains as anxious as ever to retain its image as a haven for foreign investors. Nevertheless, with investments as a whole, whether foreign or local, stagnating as a result of the international inflationary climate, the temptation for the State to play an increasingly interventionist role will clearly

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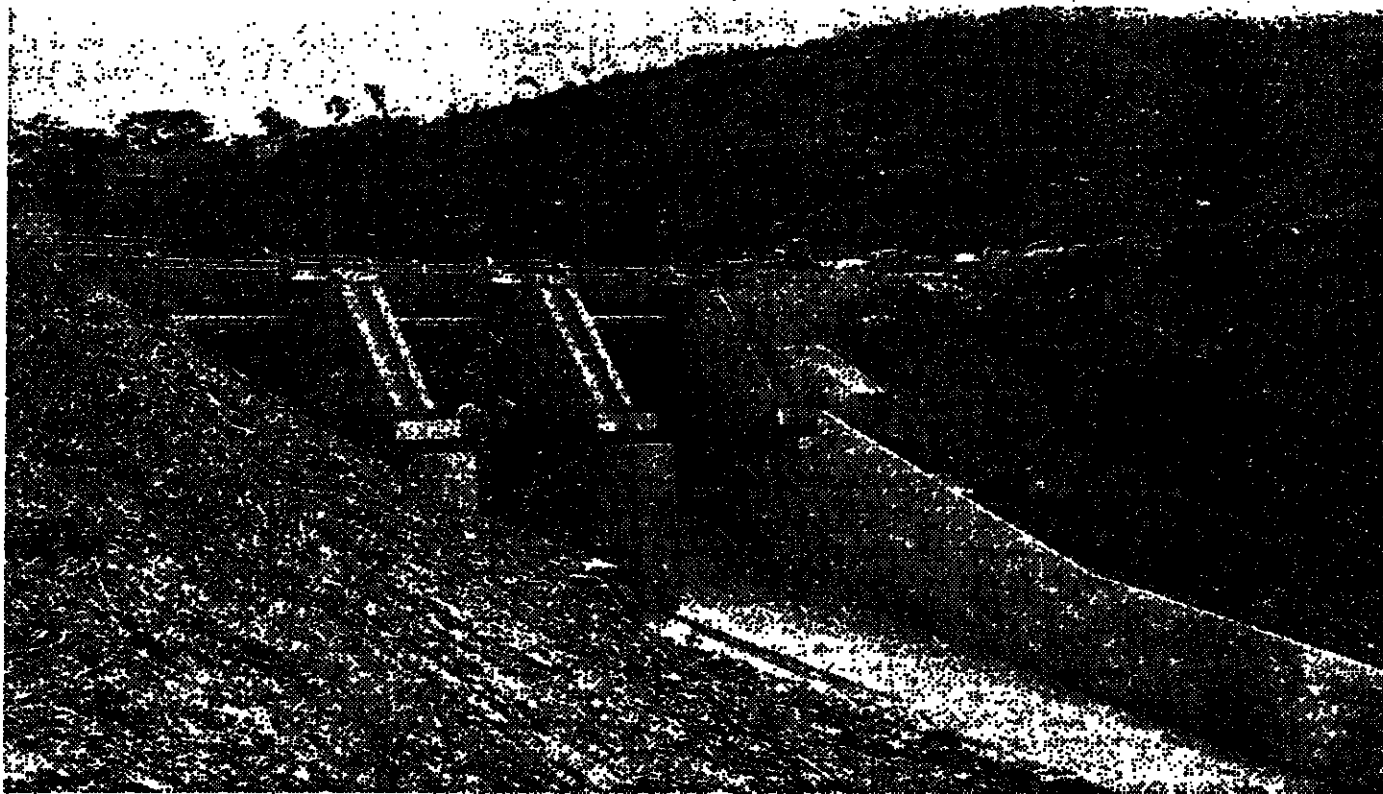
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The Kasso Dam on the Bandama River.

As a result of the international recession Ivory Coast has had to curtail or postpone a number of major industrial projects designed to give finished products a greater share in the country's exports.

Industry slowdown

LIKE OTHER members of the Third World, Ivorians resent not being able to share in the value added by the manufacturing process to the raw materials they produce, and a key element of the Government's strategy for the second phase of development has been the hope of convincing foreign investors that it was worth while setting up locally. For, despite the rapid and sustained growth of the industrial sector in the first 10 years of independence, fuelled by the "open door" attitude towards foreign investors and buoyant internal demand, Ivorian industry has still to move beyond the import-substitution stage. Although combined turnover of Ivorian industry grew by an average of 18 per cent a year between 1968 and 1973, the proportion of its output which went abroad remained stable, at around 30 per cent. Indeed, the contribution of industry to total exports still remains at the level of 5 per cent only.

The extremely favourable conditions offered to foreign investors—including, among other things, the right to repatriate virtually all profits, tax holidays lasting up to seven years and exemptions from customs duties on capital equipment—have largely failed to

attract the kind of large-scale investment the country needs if it is to diversify away from its overwhelming dependence on coffee, cocoa and timber.

Among projects which have reached the level of negotiation with potential investors but have finally had to be pigeon-holed are a scheme to build a tyre plant to take advantage of the natural rubber due to be produced in commercial quantities by 1980 and another to set up a pulp mill to process part of the timber output, which still leaves the country almost wholly in the form of raw logs.

The only bright spot remains the textile industry, which is closely linked to the development of cotton growing. Designed ultimately to put Ivory Coast among the world's leading producers, cotton growing is also designed to stimulate the development of the impoverished north of the country.

Three more plants are expected to be added to the country's textile industry this year. Uteci, producing cotton yarn, creton and sheeting, Corivo, turning out cotton yarn and cloth, and Bluebell, producing Wrangler overalls and jeans.

The Bluebell plant, with a projected annual output worth Frs.5bn., will be the biggest

single overseas investment by the American group when it is finally completed. In the hope of attracting similar ventures, which are designed to export 70 per cent of their output, or exactly the reverse of the industries set up so far, the Ivorian Government, through the Centre Ivoirien du Commerce Extérieur, the State trade-promotion organisation, has launched a massive textile promotion effort which will culminate in September with an international clothing and textile salon in Abidjan.

The marking time which affected export industries was also reflected among companies geared to the domestic market. According to a Chamber of Industry survey, output last year grew by only 9 per cent, in real terms, although revenues, due to inflation, rose by at least 40 per cent.

A major problem encountered by local manufacturers was the continuing health of the outside market for Ivorian primary products, which meant that they too were confronted with higher prices for their raw materials. Coupled with gathering militancy among workers, this meant that local industry saw its total costs rise by 30 per cent, during the year.

Nevertheless, a survey early this year, according to the Finance Ministry, produced signs that inflation is starting to slow down and that manufacturers are beginning to think in terms of modest new investments and slight increases in output for 1975. However, no real improvement is expected until the world economic climate as a whole shows signs of improvement.

Textiles apart, however, Ivory Coast is presently faced with a lean period as far as foreign

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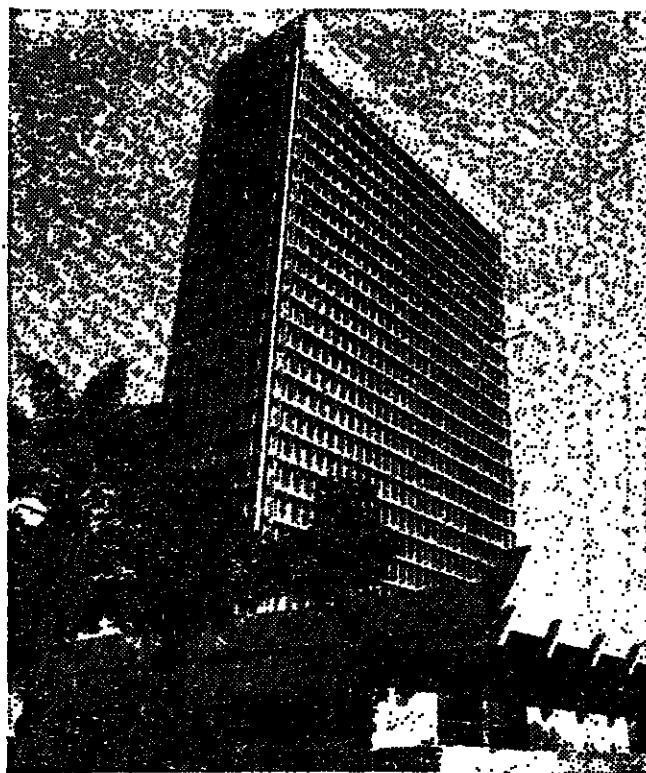
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Office for the stabilization and support of prices of Agricultural products from the Ivory Coast



Headquarters of the Caisse de Stabilisation in Abidjan

Second largest cocoa producer in the world.

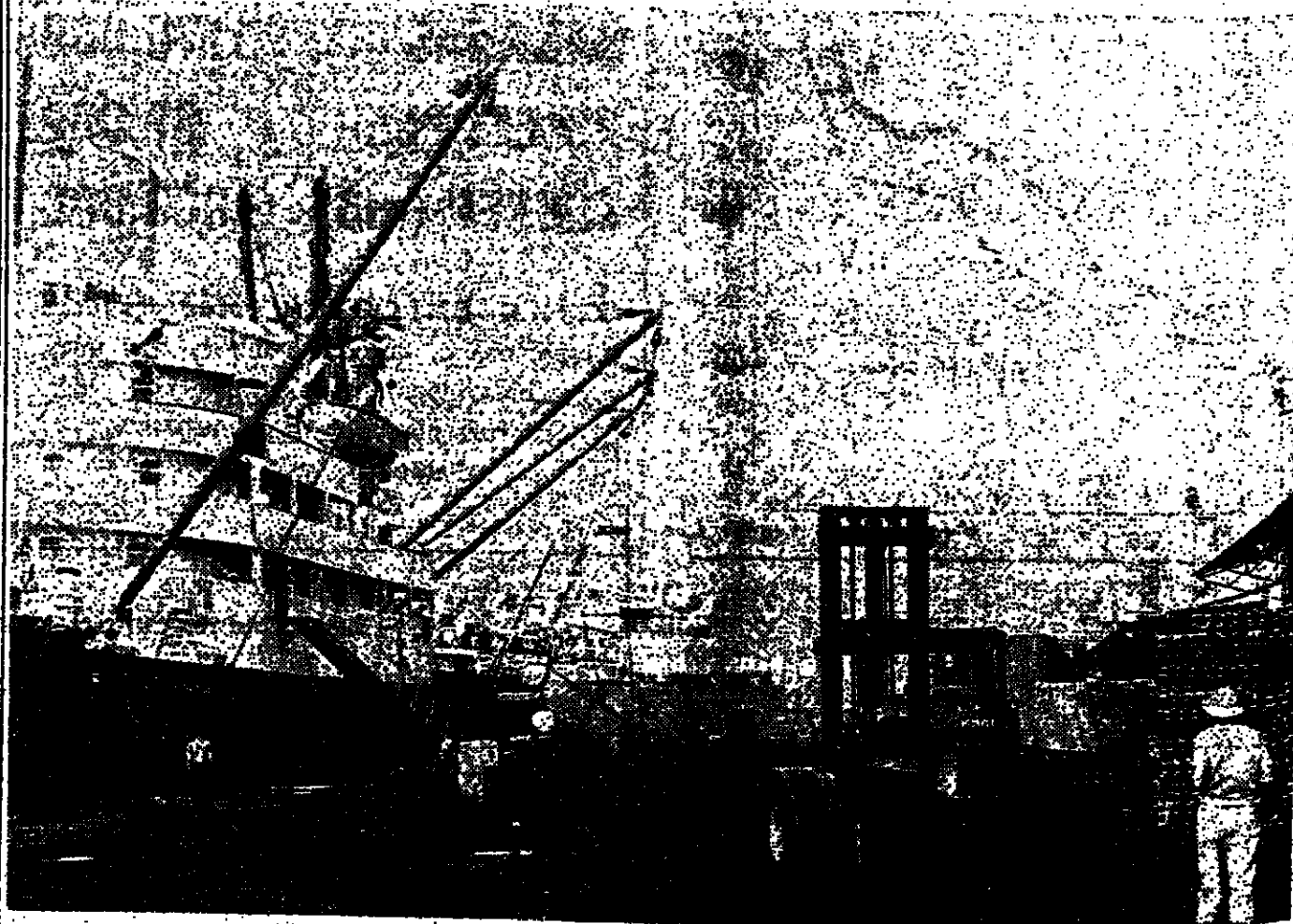
Third largest coffee producer in the world.



Coffee and cocoa accounted for 48% of the total value of exports from the Ivory Coast in 1974.

Ivory Coast: P.O. Box 1835, Abidjan.
Telex: CAISTA-A-711

London: Prince's House, 190 Piccadilly, W.1.



The port of Abidjan.

ADVERTISEMENT

The Ministry of Planning and its objectives

The Ivory Coast is a country with a policy of liberal development planning.

This means that economic liberalism can find full scope within the planning policies laid down.

It is this function of development policy which is the responsibility of the Ministry of Planning.

The primary objective of the Ministry of Planning, created in 1966, is to promote economic and social development which is as rapid and balanced as possible, and which is calculated to make a maximum contribution to the welfare of the population of the Ivory Coast as a whole, within the shortest possible time.

To achieve this objective, the Ministry of Planning has assumed several functions, namely:—

i) It carefully follows all economic trends in the Ivory Coast, sector by sector. The Ministry of Planning is thus responsible for drawing up the Ivory Coast's national balance-sheet, which accurately reflects the country's economic development.

ii) It anticipates. Utilising all the sources of information at its disposal, the Ministry of Planning tries

through its studies to ascertain the general long-term trends of the country's economic and social evolution.

The Ministry of Planning has recently completed the first phase of a vast research project entitled "Ivory Coast 2000." With the assistance of 150 Ivory Coast staff involved in it, this sets itself the ambitious task of delineating the main features of the picture which it is both desirable and possible that the country should present at the close of this century. This is until now the only experiment which has been carried out on these lines in an African country.

iii) It defines the economic and social objectives to be achieved, in conjunction with the country's entire political strength. The definition of these objectives is to be found in the five-year development plan, which provides the framework for the country's economic and social expansion during the whole of the period for which it is applicable.

The last development plan which covered the period 1971-1975 is in process of implementation. At the present time, all the resources of the Ministry of Planning are being devoted to formulating the next development plan which will cover the period 1976-1980, and which

will be integrated into the ten-year forecasts for 1976-1985.

iv) It programmes all the activities which are undertaken by the State and which lead the entire activities of the country towards the achievement of the objectives fixed by the Plan.

These State activities, which take the form of programmes involving substantial investments coming from various sources (public or private credits, international aid, etc.), are put in hand and organised on a basis of and in relation to these objectives.

This dual task of initiation and organisation falls on the Ministry of Planning, which for its accomplishment uses the most advanced techniques for programming in terms of objectives.

v) It co-ordinates. The effect of what has been said above is that the Ministry of Planning is called on to co-ordinate all the activities of most of the other Ministries of the Ivory Coast whose field of action contributes to the country's economic development.

vi) It supervises. Finally, the Ministry of Planning has a continuing responsibility for checking the implementation of the development plan.

The Ministry of Planning and its resources

For carrying out its tasks, the Ministry of Planning possesses about one hundred senior staff and specialists in all fields, distributed among several main Directorates.

i) The Directorate of Development Studies (known as 'D.E.D.')

This Directorate is responsible for all the general surveys coming within the sphere of the Ministry of Planning; whether it is a question of accountancy, social, economic or cultural surveys, or medium-term and long-term national surveys. It is the 'D.E.D.' which is at present providing the framework for the forecasts comprising the operation known as 'Ivory Coast 2000.'

These surveys, which are a continuous operation, take definite shape every five years when the five-year development plan is drawn up; this in turn being incorporated into the ten-year forecasts. Both plan and forecasts define the strategy which guides the development of the entire economy of the Ivory Coast.

ii) The Directorate of multi-annual Programmes (known as 'D.P.P.')

The main function of this Directorate is to programme the activities of the State, whether these are carried out by the Government itself or by public or semi-public bodies. Its task is therefore to apply the policy laid down in the five-year Plan by translating the general objectives into operational objectives, and by putting in hand and organising the action required to achieve these objectives.

This function takes practical shape in the production every year of a legal programme for public investment, which covers a period of three years and includes adjustable coefficients.

iii) The Directorate of Industrial Development (known as 'D.D.I.')

This Directorate has a threefold function as regards industrial development:—definition of the policy, programming and promotion.

This is therefore the Directorate which fixes priorities in this field and which makes efforts to promote industrial projects enabling the development to be put into effect. In particular, it is the 'D.D.I.' which prepares the documentation relating to allocation of the benefits of priority concessions to companies undertaking to follow certain lines fixed by the Plan when installing themselves in the Ivory Coast.

iv) The Directorate for Allocation of the National Territory & Regional Action (known as 'D.A.T.A.R.')

Development is a process which cannot be carried out in a uniform, or even in a homogeneous manner throughout the national territory. The situation is quite the reverse, since this process generates inequalities which can have a dynamic effect if they are correctly utilised. It is the function of 'DATAR' to decide what is the correct utilisation, and this can be described as a twofold task, namely:—to lay down an allocation policy for the national territory which is capable of giving a general impulse to the development process; and to formulate specific operations which make it possible to proceed with this development in certain regions.

That is to say that the activities of 'DATAR' can influence all sectors of the country's economic and social life, since they are designed to inject the essential space-factor into the five-year plan and the legal programme.

v) The Directorate of Inspection and Synthesis (known as 'D.I.S.')

'D.I.S.' has three functions, namely:—

— an information function as regards compilation, storage, certain types of processing, and the distribution of information concerning the country's actual social and economic situation.

— a supervisory function mainly directed towards giving advice or recommendations regarding deficiencies observed and how various operations require to be supplemented, and possibly involving inspections.

— a synthesising function involving the periodic production of a report on the implementation of the Plan, and the distribution of syntheses on specific subjects (e.g. a quarterly bulletin on the industrial situation).

vi) Autonomous Service for Domestic Water-supply (known as 'S.A.H.H.')

This service comes directly under the authority of the Ministry of Planning, and its sole function is the supply of drinking water to all urban centres and the creation of water-points in all villages of more than one hundred inhabitants, by the year 1980.

In carrying out this function, 'S.A.H.H.' is responsible for devising, activating, and supervising the implementation of the National Hydraulic Equipment Programme launched in 1974.

Ministry of Planning of the Ivory Coast

— Rue Lecoeur

— Post Box:— 649 Abidjan

— Telephone:— 32 43 52

— Télex:— 730 MINIPLAN

Minister:— Monsieur Mohamed T. Diawara

The Ministry of Planning and its extensions

The Ministry of Planning supervises several enterprises and public bodies which play an essential part in the development of the Ivory Coast, and thereby extends in an effective manner its contribution to the economy of the country.

i) Ivory Coast Electrical Power (known as 'E.E.C.I.')

Responsible for the production and distribution of electricity throughout the country, this is the Ivory Coast's largest enterprise and has a turnover of 12.6 milliard CAF.

— Its expansion has been particularly sensational since independence. In 1960, 'E.E.C.I.' was serving barely 15,000 customers and had a total output of 67 million Kwh. Fifteen years later, these figures have increased tenfold: to 122,000 customers and 855 million Kwh in 1974.

— Its output consists partly of electricity of thermic origin (Abidjan-Vridi power-station and isolated power-stations), and partly of hydro-electricity (Ayamé and Kossou barrages). To meet the demands of an annual increase of 15% in the consumption of electricity, 'E.E.C.I.' is constructing two new thermic installations at Abidjan-Vridi, is putting in hand the building of a second barrage on the Bandama (Taabo), and is studying the possibility of erecting two other barrages on the Sassandra, at Soubré and Buyo.

In all, 'E.E.C.I.' investments over the next five years amount to nearly 70 milliard CAF.

'E.E.C.I.' Post Box:— 1345 Abidjan

Telephone:— 32 02 33

Télex:— 738 ENELCI

President:— Monsier Antoine Konan

Kanga

Director-General:— Monsieur Lambert Konan

ii) National Office of Technical Development Studies (known as 'B.N.E.D.T.')

The function of this organisation is to carry out all technical studies, planning, and estimating that the Administration, State enterprises, and mixed-economy companies consider necessary for preparing and executing development projects. 'B.N.E.D.T.' may also work for private enterprises. Its operations thus cover the widest range of technical fields (construction, town-planning, communications, drainage, printing of technical documents).

'B.N.E.D.T.' is financed mainly from the invoicing of the work it is commissioned to carry out.

'B.N.E.D.T.' currently employs more than 200 salaried staff, the majority of whom are engineers and technicians.

'B.N.E.D.T.' Post Box:— 1556 Abidjan

Telephone:— 32 27 01 32 45 57

training, etc. ...

Director-General:— Monsieur Amangoua Lookensy

iii) Industrial Development Office (known as 'B.D.I.')

This organisation is primarily responsible for promoting industrial projects with potential investors, usually foreigners. This means that it acts as an extension of the Ministry of Planning's Directorate of Industrial Development.

The function of 'B.D.I.' is:—

a) In the first place, to give information to foreign industrialists on the possibilities which the Ivory Coast offers them, and to attempt to attract them by stressing the potential advantages to them of setting up operations in that country.

b) To offer advice to foreign industrialists on the process of installing themselves in the Ivory Coast; search for partners, procurement of finance, industrial sites, assistance in the field of professional training, etc. ...

'B.D.I.' Post Box:— 4196 Abidjan

Telephone:— 22 78 81 / 32 42 86 / 32 43 13.

Télex:— BURDEVI 793

Director-General:—

Monsieur Alphonse Yao Kouman

iv) National Office for Promotion of small and medium-size Ivory Coast Enterprises (known as 'O.P.E.I.')

The development policy followed in the Ivory Coast takes pains to promote a class of local entrepreneurs capable of giving solidity to the industrial structure and handicrafts, and following up the activities of foreign industrialists working in the country. The promotion of this class of entrepreneurs in the Ivory Coast is the responsibility of 'O.P.E.I.', which has a twofold function:—

a) It gives useful advice to Ivory Coast nationals wanting to create their own enterprise; either in order to utilise their personal capital, or to make use of their technical knowledge.

b) It gives full assistance to all would-be entrepreneurs in making it possible for them to complete their training in a technical field or in administration and management.

'O.P.E.I.' Post Box:— 8868 Abidjan

Telephone:— 22 92 71 / 22 92 72

Director-General:— Monsieur Antoine Sibi Gbeho

v) National Office of Rural Promotion (known as 'O.N.P.R.')

Created in 1973, it is the function of 'O.N.P.R.' to carry out and co-ordinate all activities likely to further the interests of the rural population which at present comprises two-thirds of the inhabitants of the Ivory Coast. Its activities affect not only questions connected with improving the living-conditions of the rural population (habitat, roads, drainage, communications), but also improvements in their social and cultural level (basic education).

'O.N.P.R.' aims at giving the rural population a development pattern which will allow it to keep its identity while offering the inhabitants of the villages a chance to enjoy the benefits of modern civilisation.

'O.N.P.R.' Post Box:— 20,025 Abidjan

Telephone:— 32 35 76 / 32 35 79

Director-General:— Monsieur Ousmane Diarra

vi) FOREXI

Of the entities placed under the general supervision of the Plan, FOREXI was the last to come into being. Its function is to take steps to implement the vast hydraulic equipment plan scheduled for the Ivory Coast, and especially in the north of the country. From now until 1985, 7,200 wells will be bored, offering the rural population the possibility of a spectacular improvement in their living conditions.

FOREXI Post Box:— 26 73 Abidjan

Telephone:— 35 53 07

President:— Monsieur Ade Mensah

Director-General:— Monsieur Antoine Kouao-Adou

vii) SODECI

SODECI is a private enterprise in which public funds have a small share. It is responsible for the management of the water-supply and water-distribution systems in the Ivory Coast's urban centres.

SODECI Post Box:— 1843 Abidjan

Telephone:— 32 42 80

Director-General:— Monsieur Stapfer

IVORY COAST VI

In spite of Government attempts at diversification
two thirds of Ivory Coast's population still rely on agriculture for a living.
Per capita production over the past few years has not increased but earnings from the
major crops—coffee, cocoa, timber—have benefited from the
performance of world commodity markets.

Agriculture still the main exporter

IVORY COAST'S achievements are all the more remarkable when it is considered that the country's economic base has remained extremely narrow. Diversification efforts are not likely to produce tangible benefits until the mid-1980s at the earliest, and the country's prosperity remains overwhelmingly based on three products alone—coffee, cocoa, and timber—which together represent around 70 per cent. of its total exports.

Amidst having three major export products has made the country less susceptible to sudden changes in world prices for particular commodities unlike, for example, neighbouring Ghana which has been trapped in the vicious circle of the cocoa market.

Nevertheless it is probably true that the Ivory Coast's achievement as a major exporter of agricultural and forestry products has owed more to the performance of world markets than it has to the efforts, laudable as they may be, of the Abidjan Government to create efficient production and distribution systems.

Although Ivory Coast was one of only six African countries to

exceed the target of 4 per cent. annual growth in agricultural production set in the 1961-71 world indicative plan, drawn up by the Food and Agriculture Organisation, per capita production actually declined between 1969 and 1973.

This has to a large extent been disguised by the fact that the boom conditions for Ivory Coast's principal products, notably timber, saw the value added by the agricultural sector as a whole increase by 24 per cent. in 1973 compared with 6.3 per cent. the year before and an average annual rise of

around 8 per cent. over the previous five years.

The Government remains painfully aware that the situation like this can evaporate overnight, as indeed was the case with timber in the second half of last year, and is persistently looking for ways of ensuring that agricultural earnings are put on a more stable basis, particularly since despite the spectacular growth of the Abidjan conurbation two thirds of the country's population continues to rely on agricultural earnings to live.



Timber exports are a major source of Ivory Coast's foreign earnings. Current work is aimed at interesting buyers in different species of wood from those traditionally exported.

TIMBER

UNDER NORMAL circumstances the massive drop in demand for Ivorian timber in the second half of last year would have been catastrophic for a country for which forestry provides the third biggest single source of export earnings.

After increases averaging 12 per cent. a year in log exports since 1970 fuelled largely by the construction boom in Western Europe the second half of 1974 saw exports fall by half virtually overnight, and the year as a whole finally showed a drop in timber exports of just under 19 per cent.

But, while such sudden market movements cannot fail to cause some concern in official circles, there is also a certain amount of relief that the hectic pace which at its peak saw production running at 440,000 cubic metres a month has slackened off. For Ivory Coast has now reached the point where its forestry reserves, at least for the

types of wood which have provided the overwhelming bulk of its exports, are virtually exhausted. Between 1956 and 1973, the country's exploitable forestry reserves fell from 9.8m. hectares to 5.5m. hectares, a drop of 44 per cent., and the process would no doubt have continued were it not for the fall in demand and the fact that remaining reserves were becoming too difficult to reach.

Realisation that this process could not continue indefinitely has at least meant that the Government has not been caught unawares by the recent recession, and efforts were started some time ago to diversify the country's timber production away from the relatively limited number of species hitherto sold abroad and to try to arouse world interest in some of the 200 other species which grow in the country and whose reserves remain abundant.

As part of this process the Centre Ivoirien du Commerce Extérieur, the State-owned trade promotion corporation two years ago started a programme aided by the European Development Fund to interest foreign manufacturers in other types of wood. Samples of 20 different species have been sent for testing by leading companies in most European countries, and the first results are expected later this year.

Exports

Perhaps more important, however, is the Government's desire to decrease the relative importance of unfinished logs in the country's timber exports as a whole. Sawn timber has come to play an increasing part in timber exports as a whole, and industrial investment in the timber sector was

this year expected to pass the Cfa.Frs.4.5bn. mark with a further Frs.7bn. planned by 1980. In this connection hopes that Ivory Coast will become the first West African country to boast its own wood pulp plant still remain unfulfilled. Talks with Taiwan's Chung Hwa Pulp Corporation have so far failed to produce any final agreement.

Ivory Coast can point to a certain amount of success in the development of its timber industry. More than 40 sawmills are now operating, producing something like 400,000 cubic metres a year, while plywood beams are also manufactured locally. An Ivorian company, ADK will shortly begin exporting furniture from the country, while a Danish-owned Manufacture has also moved into furniture manufacturing locally.

COCOA

DESPITE SLIGHT annual fluctuations, Ivory Coast's cocoa production has always shown a remarkable stability notably when compared with the ups and downs of the world market for this product.

Indeed, cocoa production by Ivorian planters continues to increase at a time when other West African producers like Ghana and Nigeria are encountering declining output. Nevertheless the country is faced with a set of increasingly major problems which will have to be resolved fairly swiftly if it is to maintain its position as the world's third biggest cocoa producer. Among these is the need to replace many of the trees which are rapidly approaching the end of their productive lives. In a bid to offset this the Government last year announced that a bonus of CFA Frs.50,000 would be paid to growers for each new hectare planted.

At the same time to meet increasing disenchantment with life in the countryside among the 200,000 families who cultivate cocoa over an area of 600,000 hectares the Government announced that the guaranteed price for cocoa would be increased by 40 per cent. from Frs.110 to Frs.175 a kilo. One side-effect of this has been a sharp increase in cocoa smuggling across the Ghanaian frontier by Ghanaian planters seeking to take advantage of the higher prices in Ivory Coast.

With total production for the 1974-1975 crop expected to grow by 6 per cent. to reach 220,000 tonnes, the increases represent a 70 per cent. rise in the combined earnings of cocoa planters.

Whether this will be enough at a time when price inflation is running at around the 25 per cent. mark remains to be seen. However, the Government is playing an active part in the Cocoa Producers' Alliance, a recent meeting of which in Abidjan produced a reaffirmation that the producers would do all in their power to prevent further falls in cocoa prices on the world market following the sudden drop experienced in the period since last September when price levels were running

at 97 cents a pound or 50 per cent. higher than in 1973.

Since Gill and Dufas, the London commodities merchants, are predicting a fall in world production of around one per cent. for the 1974-75 crop there seems every possibility that Ivory Coast as one of the few to sell its own production will at least be able to maintain its position. However the continuing fall in the value of the dollar and stagnation on some of the European markets which account for 75 per cent. of the country's cocoa exports are causing some concern.

In the meantime the development of local cocoa-processing facilities has continued with Ivory Coast's first chocolate manufacturing company Chocodi starting operations last year and a second cocoa butter plant being started.

In effect the Government is following the same strategy as that adopted for coffee processing and ideally would like to see cocoa growers group themselves in co-operatives which would deal directly with State-owned processing companies.

FRUIT

TROPICAL FRUIT exports have produced somewhat mixed results for Ivory Coast in recent years though they have remained a considerable source of foreign exchange, particularly in the case of bananas which, until last year when they were replaced by palm oil, were the country's fourth biggest export product.

After rather a poor showing in 1973, when exports fell to 132,420 tonnes compared with 184,582 tonnes in 1972, and 140,730 tonnes in 1971, banana sales overseas last year picked up again, with 158,641 tonnes going abroad mostly to France, with West Germany and Italy in second and third place.

Although this would appear to testify to continuing health

in this sector Ivory Coast is concerned by the relative decline in selling prices for bananas in Europe. According to a recent United Nations study prices in real terms have fallen since 1960 by 34 per cent. in West Germany, 21 per cent. in France and 41 per cent. in Italy. At the same time transportation and packaging costs, particularly important for a fruit as fragile as the banana, have eaten deeply into producers' margins.

Pineapple exports however have continued to break all records with an increase last year of 39.4 per cent. over 1973. Total exports of fresh pineapples have grown from 22,098 tonnes in 1971 to 32,618 tonnes last year.

Ivory Coast also possesses three pineapple canning plants SALCI, SIACH and SAFOU whose output is almost wholly destined to the export market. However since 1972 their total production has tended to stagnate around the 145,000 tonnes mark.

In the coming years Ivory Coast may well add a third fruit, papaya, to its list of exports if studies currently being undertaken by the Centre Ivoirien du Commerce Extérieur show that marketing and distribution problems can be overcome. A trial run is currently taking place in France to assess whether this fruit which is highly susceptible to bruising and has an extremely limited shelf life can be exported in significant quantities.

SCIENTIFIC RESEARCH DEVELOPS TROPICAL PRODUCTS

Agricultural development is the mainstay of the Ivory Coast economy and the essential base for her future development. Thanks to a bold and balanced agricultural policy, output is increasing each year as much from crop planting as from cultivation for industrial purposes.

In expanding this success, and in order to satisfy domestic needs and promote exports, it was logical that the conservation and processing of these products should be the object of intensive study, research and experiment. These are carried out by a State Body: the INSTITUT POUR LA TECHNOLOGIE ET L'INDUSTRIALISATION DES PRODUITS AGRICOLES TROPICAUX—ITIPAT—a unique enterprise for a developing country.

A wide range of new products from baby foods to alcoholic drinks, has come from research at the ITIPAT laboratory containing the pilot unit for testing products on an industrial scale. All are derived from tropical fruits and thus domestic agricultural outlets, and the promotion of new food industries are assured of stable conditions.



ITIPAT is directed with remarkable dynamism by an Ivorian, Doctor Michel Tahiri Zagret, Doctor of Science and a specialist in nutritional chemistry and food economics.

ITIPAT
INSTITUT POUR LA TECHNOLOGIE ET L'INDUSTRIALISATION DES PRODUITS AGRICOLES TROPICAUX
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Telephone 321868, 324124 Telex: 596 SITRAM



Pineapple exports broke all records last year with a total of over 62,000 tonnes sent abroad.

هذا من الأصل

IVORY COAST VII



The Commonwealth Development Corporation has lent £535,000 to the Société Africaine de Plantations d'Heveas, in which the Government is the majority shareholder. The company's rubber plantations are being extended to 10,000 hectares. In the photograph above collected latex is being poured into tanks for transport to one of the company's processing factories.

RUBBER

AFTER PALM OIL, rubber is the next major direction in which the Ivorian Government is seeking to diversify its commodity output, although the results so far are well behind those achieved with oil palms.

The State rubber corporation Sotacsi is expected to start producing natural rubber from its plantations by 1980, a process which has been aided by a £500,000 loan by the Commonwealth Development Corporation, the first such loan made by this body to an Anglophone African state.

Initially, the Ivorian Government is aiming at an annual production of 19,000 tonnes a year from its own plantations in 1980, on top of output of almost 13,000 tonnes a year from privately owned plantations. A major question mark which continues to hover over the Government's plans, however, is the problem of finding a company willing to invest in a tyre plant which is considered an integral part of the programme as a whole.

Among names cited in recent years have been Uniroyal and Michelin, which has a management contract for the State plantations. Disagreements over the capacity of the proposed plant and the overall decline in the world automobile market now appear to have caused the project to be shelved indefinitely.



Workers opening a new cut on the tapping panel of rubber trees on a Société Africaine de Plantations d'Heveas estate.

PALM OIL

LAST YEAR marked something of a turning point in Ivory Coast's efforts to diversify its agricultural production, with palm oil becoming the fourth biggest single export product. There is now growing optimism in official circles that the massive investment programme undertaken since independence is on the verge of paying off.

The year saw Ivory Coast overtake Zaïre to become the world's third largest palm oil exporter after Malaysia and Indonesia, with 83,000 tonnes out of a total production of 130,000 tonnes going abroad.

All this is the outcome of an investment programme whose foundations were laid back in 1960, against a background of declining output among traditional producers, and which by the end of this year will have

involved commitments totalling CFA Frs.50bn.

Oil palms have always grown naturally in the coastal regions of the country and for long provided an oil used for local consumption. Studies aimed at commercialisation of oil palms were begun in 1946 by the Institut de Recherche des Huites et Oleagineux (IRHO). These

have produced a cross breed oil palm which takes only three years to bear fruit, compared with seven years for wild palms. Other advantages of the new types are that they produce in terms of bunches a yield of 18 tonnes a hectare, compared with only three tonnes for wild palms, and that the proportion of oil has been increased from 9 to 22 per cent, the equivalent of an oil yield per hectare of 4 tonnes, compared with 0.3

tonnes from wild palms. The investment programme has been undertaken by the State-owned palm and coconut oil corporation SODEPALM, which was set up in 1963 and has rapidly become a major force in the Ivorian economy, with a turnover last year estimated at Frs.21bn.

In the process, the area devoted to oil palm cultivation has grown to 80,000 hectares, stretching over 4,000 km. from the Sassandra River to the Atlantic. Of these 80,000 hectares, 45,000 are State-owned industrial plantations, among them the biggest palm plantation in the world, covering 12,000 hectares at Hanla.

As a result of persistent high world prices for palm oil, SODEPALM has managed to become profitable. However, its re-

sults would probably have been less disappointing were it not for the lack of success until now with the experimental out-

growers' scheme, which accounts for the remaining 35,000 hectares used for palm cultivation. Backed by World Bank loans, which by now have passed the Frs.6bn. mark, the outgrowers' scheme was designed to produce a counter-incentive to the attractions of the city life which, as in other African countries, have drawn Ivorians in increasing numbers away from the land.

Under the scheme, smallholdings averaging five hectares are located within a radius of 20 km. of the nine mills operated by Palmindustrie, in which the State has a 12 per cent stake. SODEPALM teaches the farmers new techniques, subsidises the price of fertilisers, pesticides and clones, and offers a guaranteed price for their products.

It is here, however, that the scheme has run into difficulties, with many farmers finding the guaranteed price offered by SODEPALM too low and pre-

fering to sell their product on the free market, thereby depriving the State of an adequate return on its investment. In a bid to reverse this process the price paid to producers was doubled last year from Frs.4 to Frs.8 a kilogram, a move made possible by continuing high world prices for palm oil.

At the same time, despite the losses encountered in the out-

growers' scheme, SODEPALM is considering final details of a self-financed investment programme which would entail commitments totalling a further Frs.3bn. and would make Ivory Coast the world's second biggest palm oil exporter, with an annual production of around 500,000 tonnes in ten years' time. Indeed, the Corporation feels that it could go in for even more self-financed investment were it not for the fact that its present tax agreement with the Government is based on a sliding scale which it considers penalises it when its profits are high.

The next step is towards increased processing of the coffee output in Ivory Coast itself, part of the overall strategy of moving towards the export of finished products. Last year was the first full year of operation of a coffee treatment plant set up by SERIC at Tombo.

The plant is capable of treating 35,000 tonnes a year, producing a better quality bean than that obtained by the traditional methods of leaving it to growers to take care of shelling and drying. Eight more plants of this sort are scheduled to be built in the years ahead, bringing with them the added benefit that middlemen will gradually be eliminated, thereby increasing the revenues of both the State and the growers.

COFFEE

COFFEE WAS first introduced to maintain its position on the Ivory Coast in 1880 around world robusta market in 1974.

the same time as cocoa, but large-scale production did not begin until the 1930s. At the outbreak of the second world war annual production was running at some 18,000 tonnes a year.

After the war coffee growing accelerated rapidly and total capacity is now above 300,000 tonnes a year, mostly grown on 280,000 small family-owned plantations covering an area totalling 700,000 hectares. In the process Ivory Coast has moved into third place among world coffee producers after Brazil and Colombia, and, despite the Government's diversification efforts, coffee continues to provide a quarter of the country's total export earnings. The Government is clearly determined to ensure that these earnings are maintained and last year took steps to try to reverse an underlying trend among growers to reduce their output. This followed a particularly poor result for the 1973-74 crop, which totalled only 193,000 tonnes, the lowest in seven years. Only large-scale selling of stocks held by the Caisse de Stabilisation enabled Ivory Coast

Revenues

The guaranteed price for producers was raised from CFA Frs.127m to CFA Frs.139 a kilogram, and the Government points out that, with the 1974-75 crop expected to total 250,000 tonnes, the global revenues of coffee growers will thus be at least CFA Frs.37bn., representing a 82 per cent increase over the previous crop. At the same time 1974 also gave the Ivorian Government the satisfaction of seeing its first bid to operate in conjunction with other major producers yield at least partial success. Following the creation of Caisse Mondiale, which groups Ivory Coast with Brazil, Colombia and Angola in a producers' alliance, sales were suspended in July when robusta prices dropped from the 71.7 cents a lb level enjoyed earlier in the year to less than 52 cents.

The suspension of sales eventually drove the price back up to 55 cents in December, which given the rate of world inflation was still far from satisfactory but at least allowed the Ivorian

authorities to feel that producer pressure on consumers is a potentially fruitful exercise.

For Ivory Coast the essential coffee now is stabilisation of its earnings rather than the efforts to increase overall production. In effect the Government is reconciled to eventually occupying a relatively less important position on the world market, a trend which has already begun to emerge.

The next step is towards increased processing of the coffee output in Ivory Coast itself, part of the overall strategy of moving towards the export of finished products. Last year was the first full year of operation of a coffee treatment plant set up by SERIC at Tombo.

The plant is capable of treating 35,000 tonnes a year, producing a better quality bean than that obtained by the traditional methods of leaving it to growers to take care of shelling and drying. Eight more plants of this sort are scheduled to be built in the years ahead, bringing with them the added benefit that middlemen will gradually be eliminated, thereby increasing the revenues of both the State and the growers.

FOR YOUR FINANCIAL TRANSACTIONS IN THE IVORY COAST

BANQUE INTERNATIONALE
POUR L'AFRIQUE OCCIDENTALE
Telephone 22.27.71 — Telex 641 BANCAF A

BANQUE INTERNATIONALE POUR LE COMMERCE
ET L'INDUSTRIE DE LA COTE D'IVOIRE
Telephone 32.03.79 — Telex 463

BANQUE IVOIRIENNE DE DEVELOPPEMENT
INDUSTRIEL
Telephone 32.41.22

BANQUE NATIONALE POUR LE DEVELOPPEMENT
AGRICOLE
Telephone 22.52.37

CAISSE AUTONOME D'AMORTISSEMENT
Telephone 32.22.93

COMPAGNIE FINANCIERE DE LA COTE D'IVOIRE
Telephone 32.08.79

CREDIT DE LA COTE D'IVOIRE
Telephone 32.19.13

SOCIETE IVOIRIENNE DE BANQUE
Telephone 22.30.51 — Telex BANKIV 751

SOCIETE GENERALE DE BANQUES
EN COTE D'IVOIRE
Telephone 32.42.62 — Telex 741 SOGENERE

SOCIETE NATIONALE DE FINANCEMENT
Telephone 32.26.62

FOREIGN PUBLIC DEBT

The Public Debt is managed by an autonomous public body under the auspices of the Ministry of Finance. This body, the Caisse Autonome d'Amortissement, is responsible for the following:

- to issue public loans
- to manage loan funds
- to service the public debt with the help of funds paid for by the Treasury of the Republic of the Ivory Coast.

Development of the incurring and Servicing of the Public Debt in the Ivory Coast

	1960	1965	1970	1971	1972	1973	1974
Incurring of the Public Debt	8.7	20.9	54.4	71.4	73.6	81.3	95.4
Gross Domestic Product	130.5	214.0	373.6	400.6	433.6	518.1	680.0*
Servicing of the Public Debt	0.1	4.5	7.4	9.7	12.0	12.3	18.0*

in billions of CFA francs

* provisional

Ministère de l'Economie et des Finances,
ABIDJAN,
Republic of the Ivory Coast

FOR YOUR BUSINESS CONTACTS WITH THE IVORY COAST

get in touch with

IVORY COAST CONSULAR CHAMBERS

● CHAMBER OF AGRICULTURE

11 Avenue Lamblin
P.O. Box 1291 Abidjan
Tel. 32.16.11-22.76.27

Mr. OKA NIANGON, President

● CHAMBER OF COMMERCE

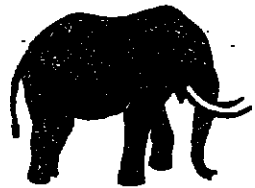
Avenue Barthe
P.O. Box 1399 Abidjan
Tel. 32.46.79-32.46.83-
32.47.00

Mr. MARGUERON, President

● CHAMBER OF INDUSTRY

11 Avenue Lamblin
P.O. Box 1758 Abidjan
Tel. 22.55.04-22.55.57

Mr. ANDRE ESCARD, President



IVORY COAST VIII

The Government has been reluctant to make
too big an investment in the country's tourist potential.

Indeed the industry has hardly taken off either in the direction of mass tourism or
high-spending visitors. However an ambitious "Riviera"
project has been partly completed.

Tourist hotchpotch

THE IVORY COAST has in the past tended to adopt a somewhat ambivalent attitude towards tourism, unsure whether it wanted to attract the package tour traveller or the high-spending luxury end of the market. In the event it has attracted neither in large numbers and developments in the tourist sector represent something of a hotchpotch.

In part this can be explained by the Government's reluctance to invest in what it regards as a somewhat faddish industry—a feeling reinforced by the 1973 energy crisis and the falling value of the dollar, both of which events have made the country's principal overseas visitors, West Europeans and Americans, more reluctant to engage in long-distance tourism.

At present Abidjan possesses only three hotels of truly international standing with a total of 1,000 beds. A further 500 beds exist at two coastal ventures, Assouinde and Assinie, where Club Mediterranée has one of its villages. Apart from these, there is a small chain of extremely well-run hotels dotted around the country which are owned by a State company, IETHO.

The performance of the Assouinde and Assinie ventures has if anything strengthened the case against trying to encourage mass tourism. A series of drownings—the sea off Ivorian beaches is extremely treacherous—and a relative lack of things to do and see compared with other African countries have prevented the Club Mediterranée project from taking off properly.

Again, the visitors the Ivory Coast has succeeded in attracting have so far failed to be the big spenders it was hoping for. Daily expenditure per visitor is estimated to average U.S.\$45 a

day—only half the average of, for example, the Bahamas.

Nevertheless, the Government believes that it has managed to identify a potentially profitable market in the business and conference sector, and it is in this direction that its activities are now overwhelmingly oriented. Business visitors from abroad are expected to double by 1980 over the figure for 1973 and the Government in conjunction with European interests has embarked on a development programme partly financed through a U.S.\$9m. loan agreed by the World Bank last week.

A 400-room hotel is being built in co-operation with an Italian group in the plateau area of Abidjan, the capital's commercial centre. The hotel, which will involve a total investment of CFA Frs.4bn., is expected to open early in 1978. Later in the same year another hotel with 300 rooms is scheduled to open, also in Abidjan. Apart from the Ivorian majority stake, interests in the hotel will be held by the Banque de Paris et des Pays Bas and Warburgs. Negotiations are meanwhile under way with Sheraton Hotels and Novotel of Ronce for the management contract.

Discussions

Another 500 rooms are expected to be built by 1980 in Abidjan itself and the Aga Khan is among those with whom preliminary discussions have been held concerning finance.

As far as tourism proper is concerned, two German groups have dropped out of plans to build holiday villages on the coast and little in the shape of concrete commitments is on the horizon.

One venture which the Government has identified as likely to yield high profits is a nudist

camp. However, officials are reluctant to seek World Bank help for the project, feeling that officials in Washington are unlikely to show much enthusiasm for expenditure on such frivolities.

The difficulty is that in comparison with the business end of the market planners are forced to work very much in the dark. The Tourism Ministry is known to favour expanding the number of hotel rooms on the coast by 1,000 in the next five years but the Finance Ministry, on which it depends for approval, is believed to consider that this plan should be trimmed by at least a half in the present economic climate. Nevertheless, despite the present atmosphere of extreme pru-

dence, total investments in tourism will by 1980 have reached the U.S. \$125m. mark. So far no mention has been made of the extraordinarily ambitious—and some would say foolhardy—"Riviera" project, which would entail turning 14,000 hectares (35,000 acres) on one side of the Abidjan Lagoon into a dazzling playground of hotels, villas, golf courses, swimming pools, and yachting marinas complete with a monorail to link up its various zones.

Subsidised

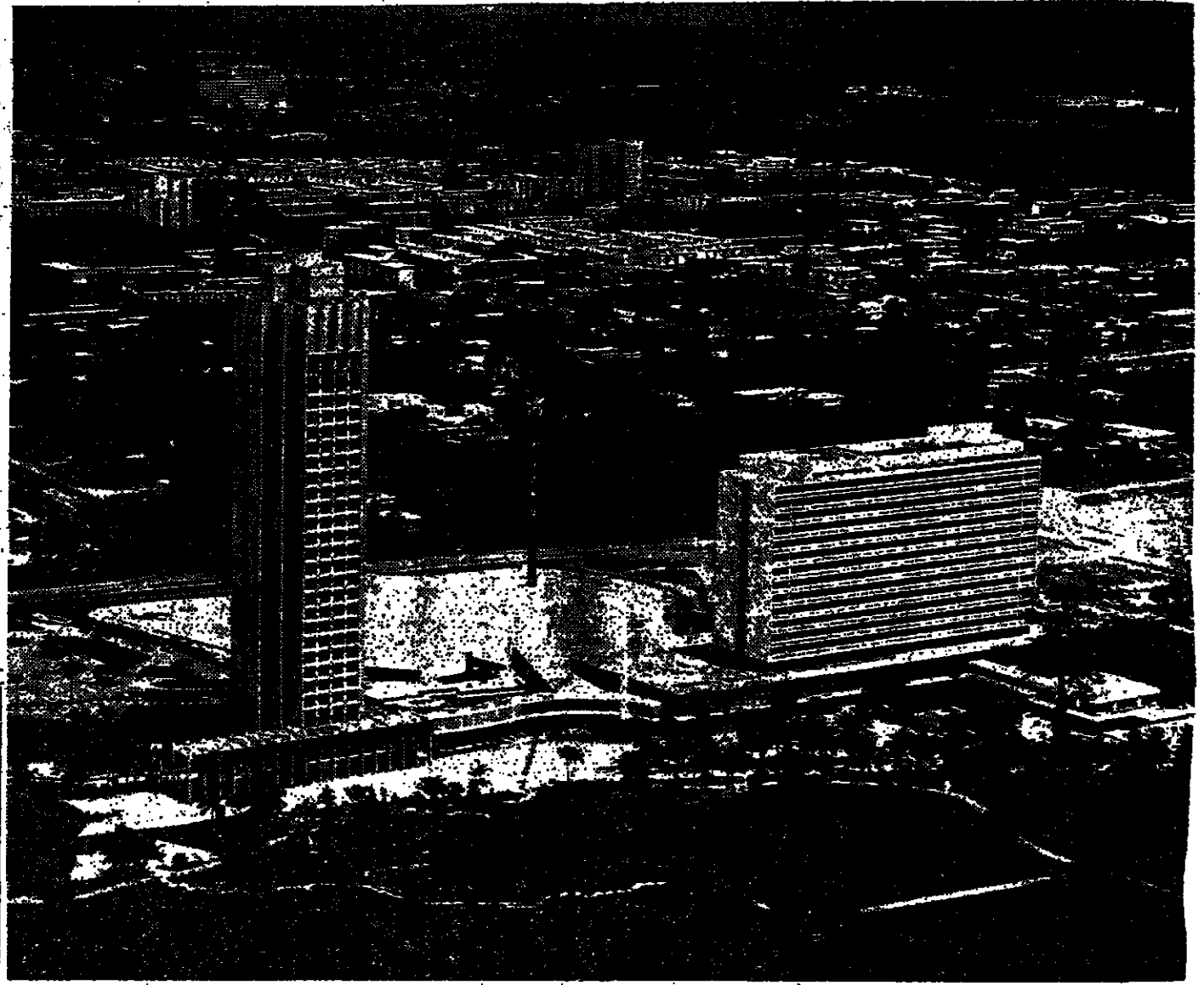
The project, which is the brainchild of Mr. Moche Mayer and his Geneva-based Maif Trust Corporation, is now vi-

tually at a standstill with only hotel by African standards— the Hotel Ivoire and a first though it needs 62 per cent. occupancy rate to break even, at subsidised rents to local officials and French co-oper-

ants) so far completed. A second hotel, the Hotel du Golfe, is expected to be completed by the end of next year, bringing another 300 rooms on to the tourist market.

Whether the African Riviera project will ever be completed, however, Mr. Mayer remains doubtful, and it is clear that although the Government is now increasingly open to the Houphouët Boigny the Government feels it was ill-advised at the start. The Hotel Ivoire, partners that they will have to carry the normal range of risks associated with tourist develop-

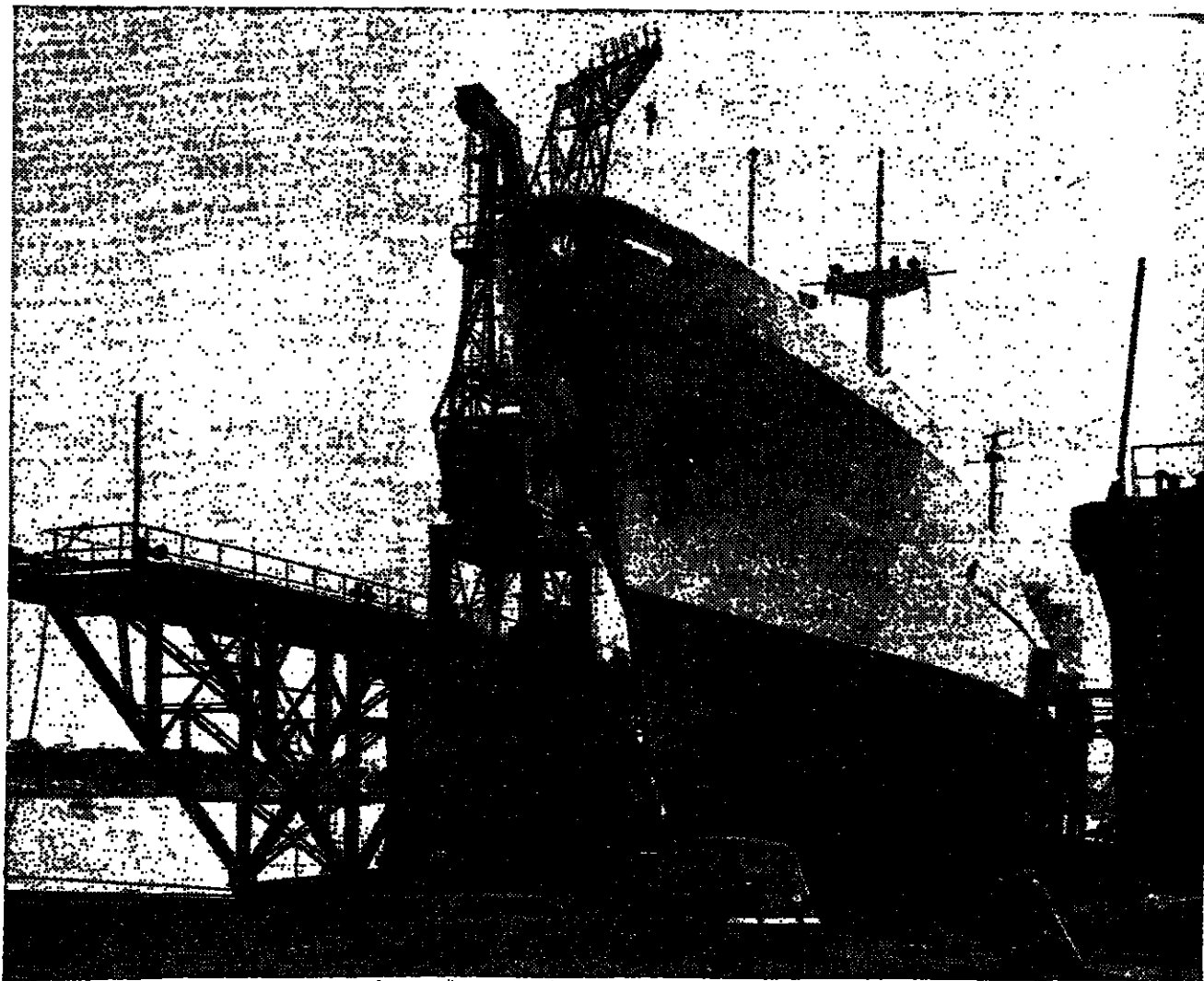
ment, remains an outstanding ment.



The Hotel Ivoire and holiday village complex at Abidjan.

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Up to the present, mineral extraction has
made a minimal contribution to the country's
development. However, iron ore deposits near the Liberian
border are to be exploited by an international
consortium and there is hope of oil.

Iron ore potential

A STRIKING feature of the Ivorian economic "miracle" is that, unlike in other African countries which have known relative success since independence, mineral resources have made only a negligible contribution to the achievements of the past 15 years.

Up to now, the country's mining industry has been confined to two diamond mines at Seguela, in Western Ivory Coast, with an annual production of 300,000 carats, mostly high quality stones. The significance of the mining sector's contribution to the economy as a whole has in fact declined, with mineral extraction representing the equivalent of only 1 per cent. of the combined turnover of Ivorian industry as a whole in 1972, the last year for which figures are available compared with 2.5 per cent. in 1967. Now, however, there is a real possibility that Ivory Coast will be able to boost a mining sector with a major contribution to make before the end of the 1980s.

Principally, this will be centred on the iron ore mines in the Bangolo region, in the west near the Liberian frontier. After something of an uphill struggle to interest world steel-makers in the area, the Ivorian Government has succeeded in assembling a consortium, Comi-Belgian or a French company, to exploit the deposits, British contenders having been

eliminated through lack of potential, the Government has begun a series of geological surveys designed to assess what other mineral resources may lie beneath its soil. So far these have revealed the existence of substantial nickel deposits near Seguela, in the extreme north west of the country near the Guinean border. The minerals known to exist in commercial quantities in Ivory Coast include manganese and limestone near the coast between Sassandra and Abidjan, Columbite and Tantalite in the centre of the country, and gold. More than 20 small gold deposits have been located in Ivory Coast, and plans to open up one at Ity are well on the way to realisation.

The greatest hope of all, however, on the mineral front remains that Ivory Coast will exploit a second iron ore world's oil producers. The Ivorian continental shelf bears a strong geological resemblance to that of nearby Gabon, where oil has been discovered in commercial quantities. Offshore deposits near Bangolo are being developed, Shell, Esso, Elf and a private consortium have so far yielded only meagre results. Nevertheless the oil companies are showing no signs of pulling out and the Government is trying to interest others in the country's iron ore for prospecting.

At least \$U.S.450m. has been earmarked for the first stage of the development programme, which will centre on magnetite deposits on Mount Klahoyo, near the town of Man. The deposits, which are estimated at 385m. tonnes, have an iron content of around 40 per cent. Initial development work, costing \$U.S.12m., was scheduled to start this year, but because of the international investment climate and the fall off in steel demand this has now been put off until at least next year.

Nevertheless, the Ivorian Government is pushing ahead, although the cost of doing so is considered prohibitive in the current state of the world market and the direction is expected to take in the foreseeable future. In the effort towards realising the country's iron ore for prospecting.

Although the initial study by Pickands Mather recommended that the ore should be carried to San Pedro along a slurry pipe, the Ivorian Government feels that the more expensive option of building a railway will be justified by the boost it will provide for development in the west of the country, which has so far failed to secure its fair share of the fruits of the past 15 years.

The programme also provides for a pelletising plant to be built at San Pedro with an initial capacity of 300,000 tonnes a year, but with the possibility of expansion to 500,000 tonnes at a later date.

Prospects

In the longer term, the Ivorian Government hopes to exploit a second iron ore world's oil producers. The Ivorian continental shelf bears a strong geological resemblance to that of nearby Gabon, where oil has been discovered in commercial quantities. Offshore deposits near Bangolo are being developed, Shell, Esso, Elf and a private consortium have so far yielded only meagre results. Nevertheless the oil companies are showing no signs of pulling out and the Government is trying to interest others in the country's iron ore for prospecting.

About that 'shutdown of British industry'

THE SLOGAN which is likely to be heard again when the EEC debate dies down is that of "de-industrialisation". Although it was coined by Mr. Anthony Wedgwood Benn, it received the imprimatur of Mr. Denis Healey in his last Budget Speech and is known to be worrying some of the Government's "Cambridge" advisers.

The basic concern behind the slogan is related to the declining number of jobs in manufacturing. The phrase, used by Mr. Wedgwood Benn in an article published in *Trade and Industry* on April 4, and quoted in the Budget speech, referred to a net loss of 120,000 jobs between 1970 and 1974. This was extrapolated over a decade to give a net loss of 1.2m. manufacturing jobs, or about 15 per cent of the total, by the end of the decade. The prospect was described as "continuing shutdown of British industry, low wages, rising unemployment and the emigration of our skilled workers."

Half-truth

My original reaction to this, in this column on April 24, was to call it a half-truth. A shift from manufacturing to services is a normal accompaniment of economic advance and can be seen in most industrial countries. On the other hand, the British rundown in the first few years of the 1970s seems abnormally rapid. The figures up to 1973 could be explained by a very sharp rise in productivity in the manufacturing sector. But this rise has not continued; and the profit squeeze, together with uncertainties over inflation and Government policy, is a real

threat to the manufacturing sector.

Some new official light on the whole issue has been shed by the projection of employment prospects for 1971-81 published in the *Department of Employment Gazette* for May. These show a rather different picture. The estimated fall in manufacturing employment is given as 330,000, a drop of 8 per cent, or 15 per cent, and so far from emigration or mass unemployment, a gain of jobs in other sectors is forecast.

The chief value of such "forecasts" is not that they predict the future, but that they set out systematically the implications of the past and present. A simple extrapolation of a short period of years can be distorted by all sorts of events, such as a recession, a temporary productivity spurt, or a confidence crisis. A more sophisticated exercise, such as that reported in the *DofE Gazette*, can attempt to get behind these distortions to the underlying trends.

There is a further point. Underlying trends in the distribution of the labour force are relatively stable and give more guidance to long-term forecasts of output, employment and the balance of payments, where the situation is much more volatile. The Department of Employment projection shows not only a more moderate drop in manufacturing than the *Renn* article. The total number of jobs is actually expected to rise by 1,090,000 between 1971 and 1981. This is due to a combination of a trend towards "higher activity rates" (that is greater participation in the labour force) by women and a lower unemployment rate. Even

without the unemployment assumption, the total number of jobs would still rise. The importance of the projection is not, however, in the absolute number of jobs but in what it tells us about trends in the distribution of employment.

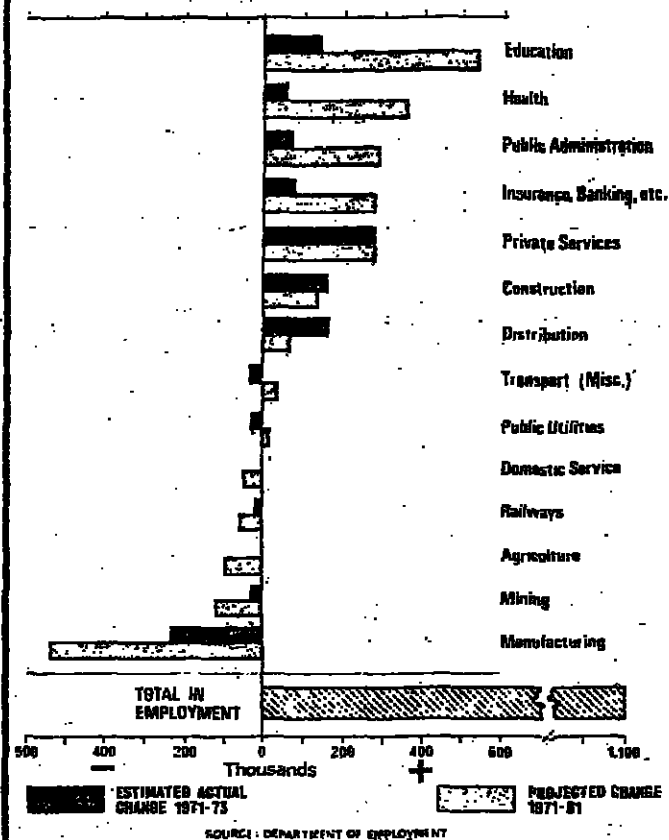
The prospective fall in manufacturing employment is shown over the decade as only slightly more severe than in the previous decade. The best way of showing this is to subtract the average annual change in the number of employees in manufacturing from that in the total labour force. In this way, one obtains an idea of the changing distribution of manpower, which is not dependent on the estimate of total employment. On this basis, the numbers in manufacturing grew at 0.5 per cent per annum less than total employment in 1961-71 and are expected to grow by 1.1 per cent, less between 1971 and 1981.

Sector

Manufacturing is not the whole of what the Department of Employment calls the "production sector." There are also agriculture, mining, construction and public utilities. If these are taken into account, employment in the production sector is expected to grow by 0.8 per cent per annum less than total employment over 1971-81. Private services are expected to grow by only 0.2 per cent per annum more than total employment over this period. This small gain is no larger than in 1961-71 and does not provide a prima facie case for State action to discourage the private service sector.

Distribution - retail and wholesale - which is regarded by some interventionists as the

EMPLOYMENT PROJECTIONS: Increases and decreases 1971-81



archetypal example of "non-productive" employment, 2.2 per cent faster than total employment, identical to the rate in 1961-71. In terms of numbers, public service employment has risen from just over 3m. in 1961 to just over 4m. in 1971 and is expected to reach 5.2m. in 1981. A really big increase, it will surprise no one to learn, is expected in public service employment, which is expected to

account for over 1.9m. employees in 1981, compared with just under 1.4m. at the beginning of the decade. The next largest increase is in "health services," which are expected to rise from just under 1m. to over 1.3m. Third in the list comes public administration, where the numbers of workers is expected to grow from just over 1.7m. to slightly more than 2m.

These are of course very broad categories. The Department's forecasters have changed their arm with more detailed predictions in manufacturing. Here paper, printing and chemicals are expected to go against the general trend and take on in both percentages and actual numbers are expected to be in food, textiles, clothing and steel.

Question

How satisfactory are these trends? This is almost a meaningless question, and one on which most attempts at "planning" fall down. Attempts to work out the relative growth of particular sectors and industries involve two aspects: guessing the total national output, and guessing the products which British and overseas customers will wish to buy.

So far from being an alternative to market forces, nearly all national plans in non-Stalinist regimes represent an attempt to guess how the market will behave. There is no harm in informed guesses being interchanged at a high level, although given the uncertain future it would be better if everyone did not work on the same guesses, whether for the national growth rate or particular sectors. The Treasury's "five year"

macroeconomic forecasts are not the keys of the kingdom, as the CBI seems to regard them. They represent, first and foremost, a guess about the growth of production potential, and second, about how near to capacity working it will be possible to go without an accelerating inflation.

The growth of the country's productive potential is the result of the efficiency with which resources are used. Knowledge of this rate will not make anything grow more quickly, although it is obviously useful to industrial suppliers to be informed of the assumption on which the State sector is working.

The unemployment rate and degree of capacity utilisation possible without an accelerating inflation will depend on the efficiency of the labour market, the use made by unions of their monopoly power, the price and nature of structural change, the incentives and disincentives to working and job mobility, and many other factors. A politically safe target, such as the 2 per cent unemployment rate in the Department of Employment's projection, is useful neither as a forecast nor as an indication of the policy changes which make it possible.

An accelerating inflation can be suppressed for a while by means of a payments deficit financed by international borrowing, and this can give the misleading impression that the balance of payments is the main constraint on growth, which is not the case given moderately rational exchange rate policies. There are, however, some non-Stalinist meanings which can be given to the term "national strategy." There are

forces which the NEDC christened in its 1963 "Orange Book" obstacles to growth, such as overmanning, archaic apprenticeship practices, misguided training policies, tax obstacles, mistaken pricing policies. These and many other obstacles to the successful functioning of market forces have not been tackled in the 12 years that have elapsed.

Consumers

Public service employment, moreover, cannot be directly influenced by consumer requirements. These can be expressed through the ballot box only - a highly defective mechanism for reasons I have discussed extensively elsewhere. The emergence of a public service sector of 4.5m. itself creates a strong political interest in its expansion - private employees or even those in nationalised industries are more dependent on customer preferences and less on Whitehall decisions.

A great deal of discussion about the role of manufacturing industry in providing exports or saving imports confuses the manufacturing with the international trading sector. Private services play a very prominent role in international trade and have consistently had a far more favourable overseas balance than manufacturers. To the extent that non-tradable services can be isolated statistically, they are to be found in the public service sector. None of this means that public services are undesirable. But we lack an efficient means of deciding how much of our resources to devote to them in the light of their costs and benefits.

Letters to the Editor

Hope in slow change

From Mr. Colin Hutt.
Sir—I have been following your series of articles on the referendum with keen interest, but it was Mr. David Watt's article in May 30 that I found most cogent.

It seems both of us are of the same age group: a generation conceived in the recession, adapted to wartime and which grew up into a devastated, bomb-damaged world of austerity. And it was still expected to fight in what seemed to be someone else's war in Korea before it could set about the business of living.

I shall vote "yes" because however grim the prospects seem, now the best future is through the EEC. The result will never be Utopia and change will be slow and not always for the better but there is more hope that a less disastrous world lies in that direction. I must add that I have this belief and this hope in spite of an inborn prejudice in favour of all things British. My ancestors left France in mid-October 1885 (in peril of their lives) and their descendants have ever tended to be more insular than the Islanders.

C. V. Hutt
3 Perth House,
Queens Drive, W.3.

Sufficient reason

From Mr. E. H. Bateman.
Sir—In his letter to shareholders on the EEC referendum, the Chairman of Trafalgar House Investments says: "We must recognise that Britain's position has weakened considerably of late." This, after over two years of EEC membership, seems to me to be sufficient reason for voting "no."

E. H. Bateman,
Sandyridge Cottage,
Upper Bourne,
Farnham, Surrey.

Business practice

From Mr. K. T. Sturges.
Sir—In your issue of June 2, Sir Jan Lewando drew the attention of the readers to the apparent benefits that the British textile industry would enjoy by continued membership of the Common Market due to the fact that EEC countries had an undertaking to take a higher proportion of their textile requirements from low-cost developing countries.

countries, particularly France and Italy, and even in Belgium I know that it is a common practice to have three sets of books of accounts, one for the inland Revenue, one for the share holders and one true set for the management.

Because of this different standard of integrity, I am very doubtful as to the wisdom of the United Kingdom entering into international agreements with certain overseas countries and I fear that in practice it would be found that we are holding the other end of the stick.

K. T. Sturges,
47, Linfield Road, Belfast.

Consultation in question

From Mr. C. F. Pennington.
Sir—So far as Europeans are concerned, the British Government negotiated entry terms. Two preceding governments, one Conservative and one Labour, had applied for entry, so there could be no excuse for leading politicians of either party (including some now opposing entry) pretending that they did not understand the nature of the Community or the terms on which we entered.

All major decisions of British political life throughout our history have been taken by the Government and ratified by Parliamentary majorities. Since British entry to the Community was voted—not engineered—by a substantial majority, including the votes of a number of Labour members voting against their party's general line, as well as the Liberals, all our normal constitutional processes took place. There have been many decisions by this process which the majority of the population rightly or wrongly opposed at the time—for example, the abolition of the death penalty. But no one challenges the validity of the principle under which we have always governed ourselves—that is, by delegating to our elected representatives the authority to exercise their judgment on our behalf.

This is why our European friends are disappointed in us. They consider that we knew what we were doing, that our constitutional procedures were followed and, for internal party political reasons, we are now questioning a solemn undertaking freely entered into.

It is as if the Board of directors of a firm, having made an agreement with another firm, acting under their full authority as directors, should propose to withdraw from the agreement on the grounds that the shareholders, or the employees, had not been consulted.

Even if the referendum is in favour of remaining in the Community our reputation will have suffered—who knows when we might challenge the decision by a similar process again. And if the referendum leads to our withdrawal, there will be deep bitterness towards us, which will certainly have serious effects upon our chances of reaching a satisfactory trade agreement with the Community.

C. F. Pennington,
Viale del Piramide Cestis 1/C,
00153 Rome, Italy.

themselves grossly under-represented by a national government and may in fact have far more in common with interest groups in other countries at similar stages of economic and political development.

Under these circumstances it is hard to see any logical reason why supra-national grouping should be any less representative of the various interest groups than should a purely national one. The only reasons would seem to be emotive ones such as race, language, culture and traditions. Although these are vitally important factors, it is hard to see how membership of the EEC is likely to suppress national identity in these respects—it certainly has not done so over the past 18 years in the case of the original EEC member countries. Indeed, it seems certain that English will become one of the main Community languages; while the tendency to give more power to the European Parliament is exactly in line with our own political traditions.

P. J. Larkin,
2, Bingham Street, N.I.

Cut the losses

From Mr. P. Kingston.
Sir—As an exceedingly ardent anti-market, albeit a middle-of-the-road man with no particular loyalty to any political party, I welcome the statement by Mr. Edward du Cann, the Tory MP for Taunton, that he intends to vote "no" in the referendum.

He, like me, thinks that Britain's wisest course of action would be to withdraw from full involvement in this quite inappropriate EEC, whose member countries only cover a portion of Western Europe. The latter needs stressing because the pro-market talk about "Europe" when they really mean the EEC sub-section of it.

I am not in a position to judge whether Mr. du Cann is correct in thinking that perhaps a majority of local Conservative Party members (as distinct from MPs) want us out of the EEC, or whether Mrs. Thatcher is correct in talking about the Tory anti-market, as being a minority; but she seems to be thinking in terms of MPs only.

I do hope that Mr. du Cann's courageous testimony—of his disagreement on this vital topic, with most of the Tory Shadow Cabinet, will encourage rank-and-file Conservatives to forget party loyalty and put Britain first in their calculations. EEC entry has proved to be a monumental mistake. We should now "cut our losses," without delay!

P. M. Kingston,
43, Western Court,
Cleveland, Acon County.

would open greater possibilities for aid to the developing countries. And one day we could truly say that Bath, Shakespeare, Erasmus and Dantesque belonged to all of us.

What happened? After ten years of intermittent negotiations, after the most thorough debate outside and inside Parliament, and after the act of adherence to the EEC Treaty, when all democratic means had been exhausted, there followed the introduction of a new element: the referendum.

The Treaty of Rome has no provision for any of its members to leave the Community, and the fact that a great and respected nation tried to get out from under a solemn international commitment was staggering to its Continental friends. I wish every citizen of the U.K. would view it from this angle for a moment.

Much of the damage can be repaired if the British public now overwhelmingly votes "yes" to Europe.

It would be the massive endorsement of a policy with a future and would provide the support British representatives in Europe need to co-operate with loyalty.

A. Gomez de Mesquita,
Rieskamp 10,
Amsterdam.

Unanimity rejected

From Mr. L. M. Hughes.
Sir—The Home Secretary, asked by a questioner on the radio (May 20) for the source of the alleged authority to veto Community decisions, replied that this lay indirectly in the principle of unanimity in decision-making, a principle which ran through the whole Treaty of Rome.

Both these statements are not really accurate and only a complete lack of knowledge of the Treaty could have inspired them. Unanimity, far from being embodied, is contrary to its whole concept. Decisions by all its constituent bodies, as it clearly lays down, are except in minor matters, to be by majority vote.

What was called the "paralyzing rule of unanimity" by which one single member could frustrate the will of the majority was completely rejected by those who drew up the Treaty, an attempt by the French representative to have escape options written into it being over-ruled. It is hardly likely, therefore, that a minority would have much chance of negotiating the intentions of the majority, much as they might like to. At no time has that situation changed: it was not affected by the original entry negotiations, nor by the recent re-negotiations.

GENERAL
Common Market national referendum. Voting takes place between 7 a.m. and 10 p.m. President Sadat of Egypt re-opens the Suez Canal on the eighth anniversary of its closure by the 1957 Arab-Israeli war. Greek and Turkish Cypriot leaders, Mr. Glafkos Clerides and Mr. Rauf Denktaş, resume talks in Vienna. NATO holds conference on defence of North Sea oil rigs, The Hague. Queen reviews Chelsea Pensioners, Royal Hospital, Chelsea. Duke of Edinburgh attends council meeting of British Commonwealth Fisheries League, Marlborough House, London.

To-day's Events

Refugee Collector of the Year award final judging, Waldorf Hotel, London.
OFFICIAL STATISTICS
First quarter provisional figures for capital expenditure by manufacturing, distributive and service industries and manufacturers' and distributors' stocks. Provisional figures of vehicle production and estimates of new car registrations (May).
COMPANY RESULTS
Greening (N.) and Sons (full year).
Holt Products (full year).

Richard and Wallington, Birmingham, 12.
Slater Walker Securities, New London Theatre, W.C., 11.30.
Vickers, Millbank Tower, S.W., 12.
THEATRE
Oh Coward!, a musical review with words and music by Noel Coward, opens Criterion Theatre, London.
MUSIC
Royal Philharmonic Orchestra concert, presented by the St. Mark's Research Foundation, in aid of cancer and colitis research, Royal Albert Hall, London.

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COMPANY NEWS + COMMENT

Hickson & Welch tops £2m. at halfway

PROFIT BEFORE tax of Hickson & Welch Holdings shows a £2.3m advance to £2.1m for the six months to March 31, 1975 on turnover of £3.8m, higher at £20.9m. Stated earnings are up from £1.79p to 14.97p per 50p share and the interim dividend is stepped up from 2.65p to 3p net. Last year's total dividend was £9.14375p from profits of £4.14m.

comment

There is plenty of good news from Hickson & Welch. U.K. profits on the March 31, 1975, while overseas returns were highly satisfactory. Results in the Chemicals division were better than for the comparable 1974-75 period, the interest bill has peaked and borrowings are declining. But there is another side to the coin. Associated company profits, as in Buildings materials, are well down, and a Far Eastern associate downturn, apparently, came as something of a shock. More significantly, a softening in demand during the second half for Chemicals is anticipated. Since the de-stocking phase has largely blown itself out, this could imply a lower level of future activity. At 25p, the yield is 5 per cent.

French Kier's position

French Kier, which has recently received grants and a loan from the Government, to enable it to complete a number of motorway contracts, has postponed the extraordinary meeting which was to have been held on June 27, to approve the aid from the Department of the Environment and the proposed enfranchisement of the "A" Ordinary. The annual meeting will go ahead as planned.

In a letter to shareholders, Mr. J. C. S. Mort, chairman, says it has proved impossible to complete the detailed drafting agreements in connection with the loan and the "A" Ordinary in time for the meeting. He has sent out an explanatory letter with the annual report.

The conversion rates attached to the Government Loan are as follows: the Department will have the right after December 31, 1975, to convert any balance of the Loan outstanding into fully paid "A" Ordinary (or Ordinary on the assumption that the enfranchisement proposals are effected) at the rate of 25p "A" Ordinary share capital for every 25p of Loan.

On the assumption that enfranchisement takes place, and there is no subsequent alteration in the resultant share capital, the Department would receive on conversion of all the loan 18m. Ordinary shares, or 27.6 per cent. of the resultant equity.

In his annual statement, Mr. Mort says the events in W. and C. French (Construction) ensure that while its future losses have been provided for, it is unlikely to trade at a profit in 1975. However, he forecasts that the Kier companies will continue to trade profitably for the rest of this year and their results, added to those of the other French companies, will therefore control the outcome at the end of the year.

The end-1974 group balance sheet shows net current assets of £2.6m (£2m). Work-in-progress and stocks figure at £28.8m (£25.6m.) and bank loans and overdrafts at £23.1m (£18.7m.).

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Stock of development land is included at £16.7m (£18.04m). —the auditors say they know of no facts which would cause them to disagree with the Board's valuations, but as the Board does not consider it would be helpful to obtain professional valuation, they are unable to satisfy themselves that these assets are included at cost or realisable value, whichever is the lower.

comment

At 8p French Kier is capitalised at under £4m, and the accounts confirm that the group remains highly geared, quite apart from any remaining problems over the road contracts. The French construction side will not make a profit this year although known losses have been provided for. At the end of December total borrowings were £28.8m, against book shareholders' funds of £10.4m. And there must be some uncertainty—about the valuation of £16.7m, put on development land, especially when the chairman reports that new commercial and industrial developments have been shelved, while the bulk of the housing effort is at the still sticky luxury end of the market. Much will depend on what can be realised through the foreshadowed "selective disposals".

J. Bright hits peak £1.2m.

WITH SALES up from £13.97m, to £16.25m, taxable profits of the John Bright Group of spinners, weavers, etc., expanded from £880,806 to a record £1,203,606 in the year to April 5, 1975, after rising from £289,150 to £566,907 in the first six months.

Earnings per 25p share are shown to be up from 8.219p to 11.284p before tax, and from 3.789p to 5.219p after tax. The dividend is lifted from 1.925p to 2.03p net with a final of 1.1p.

comment

Depression in tyre cord fabrics took the steam out of John Bright's second half, and after nearly doubling at the interim stage, pre-tax profits have emerged 36 per cent ahead. But two-thirds of turnover is now

devoted to higher added value industrial reinforcement fabrics, principally conveyor and V-belt. Progress here is reflected in wider trading margins and is being supported by an £500,000 investment programme. Thus, after five years of little net investment, during which the return on heavily depreciated capital has averaged hardly more than 10 per cent, the company seems to have created a useful specialist niche for itself. Interest receivable has accounted for a third of pre-tax growth, and liquid resources and cash flow are expected to cover expenditure requirements. At 25p, the yield is 11.1 per cent, covered 2.6 times, and there seems room for further progress in the share price.

Coltness second half downturn

ON A TURNOVER up from £4.39m, to £5.16m, pre-tax profit of Coltness Group decreased from £32,314 to £40,196 in 1974, reflecting sharply increased interest charges. At halfway profit was up from £208,611 to £229,291. Stated earnings per 25p share for the year increased from 2.7p to 3.1p. A final dividend of 0.67p lifts the net total from 1.359p to a maximum permitted 1.365p.

Mr. Eric S. Gibbons, chairman, says the profits performance must be considered satisfactory in view of the adverse trends which accelerated in the second half.

Mr. Gibbons does not intend to give an indication of likely profits for the current year in view of the uncertain economic outlook. There has been a first quarter loss in brick making but seasonal influences are expected to improve the position.

Group trading results for the first quarter are encouraging and in line with expectations. The recent reduction of bank interest rates is helpful. The directors believe the group will demonstrate a satisfactory trading performance for 1975, with no further downturn in demand.

Trading profit is after £178.57p for depreciation (£12.48p) and excludes any profits relating to the investment in W. Wood and Son.

The balance sheet value of quoted investments has been reduced to the Stock Market prices prevailing at end 1974. A capital

loss of £397,210 is included in extraordinary items. This is available to be set against future capital gains for tax purposes. The capital loss is on the sale and repurchase of quoted securities relative to the 22.8 per cent interest in W. Wood and Son.

comment

Net profits at Pope and Pearson —Coltness' brick-making subsidiary—slumped from £192,000 to £23,000 last year, so shareholders have some cause to be less than bear market. At the beginning of the year, shares in the revamped subsidiary were being offered to Coltness shareholders by way of rights, but the scheme, since the stake in W. Wood has been written down by another £0.4m, the group's investment programme would look pretty sick now but for a good performance from the Fasteners division. Profits here rose by 72 per cent to £254,000, and compared with a loss-making situation prior to 1972. Rationalisation measures have borne fruit in some areas at least. At 15p, the yield is 14 per cent.

Fine Art earns and pays more

AFTER RISING from £0.53m, to £0.63m, in the first half, taxable profits of greeting card publishers, Fine Art Developments, finished the year to March 31, 1975 ahead by some £126,000 at £2.26m. External sales expanded by 38.3 per cent to £20.5m.

Earnings for the year are shown to be up from 1974 to 2.963p per 5p share and the dividend is raised from 0.533p to the maximum permitted 1.0104p net with a final of 0.6504p.

External sales

Trading profit

Profit before tax

Tax

Minority loss

Profit on sale

Profit on exchange

Profit on disposal

Interim dividend

Final dividend

Retained

Profits, + of trade investment.

comment

Volume at Fine Art is well up with a rise of between 17 and 20 per cent last year; but there is only a modest 6 per cent increase in pre-tax profits. The re-evaluation of the company's assets, the three day week—the resulting shortage of supplies sent the group overseas for envelopes and cost an estimated £1m. of profit.

Further growth and without the burden of supply shortages that would seem a reasonable expectation. But consumer pressure may affect sales particularly in Christmas cards (40 per cent of turnover) where not only is the unit cost rising but postal charges are becoming prohibitive. If this could be classed as the expense of a trading down in card price by the public it would pose few problems for FAD as a manufacturer of low cost cards (only 2 per cent. of sales could be classed as the expensive variety. At 18p the yield of 8.6 per cent. has a small edge over that of W. N. Sharpe.

This no doubt led MYH and

Tebbitt sees profits

Reduced trade in upper leather, rising costs, uneconomic prices and high interest charges caused the trading losses at Tebbitt Group in 1974. The losses have suffered over into 1975, but the first three months has resulted in a further deficit, says chairman Mr. H. Cen. However, he adds, by March the loss had been reduced and the directors believe the company will soon be trading profitably again. They look forward to resuming dividends in 1975.

Continuing its policy of rationalisation and internal economy during the current year the company will transfer its merchandising business, Munt Brothers and Co., to George Barker's premises and this should not adversely affect trading. The move will enable the company to release capital tied up in that business.

"We have also placed on the market for sale five properties which have a balance sheet value of £384,000," states the chairman. As reported on May 20 the loss attributable to the company totalled £99,335 (profit, £43,921) after all charges but including tax recoverables of £40,896 (charge £22,275). There is no dividend against 0.67p net.

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Three-Phase Standard Motors up to 7000 HP. Explosion-Proof Motors. C. C. Motors and Generators. Drive with Thyristor Converters. Three-Phase Generators. Transformers up to 50 MVA and 220 KV. Special manufacture. Repairs in our workshop up to 15 tons, on site unlimited. Rebuild Machines covered by 12 months warranty. Stock lists and catalogues on request. Hannover Fair Hall 11 Stand 100

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alliance Investment	2.37	July 4	2.3	3.87	3.6
J. Billam	2.21	July 22	2.17	2.59	2.79
John Bright Group	1.1	—	1.05	1.05	1.05
Coltness	0.87	—	0.82	1.38	1.26
Fine Art Developments	0.66	July 10	0.69	1.01	0.93
Hickson & Welch	Int. 3.0	Aug. 31	2.68	—	7.91
Philip Hill Trust	Int. 3.0	July 25	2.65	5.0	4.4
Edward Jones (Contractors)	0.91	July 25	0.91	0.91	0.93
MEPC	Int. 1.0	—	1.0	—	4.9
P&O Steam	Int. 2.25	Oct. 1	2.0	—	1.37
Polymark	1.48	Oct. 31	0.67	1.46	2.65
Rotaprint	1.6	—	1.6	2.63	2.65
Sterling Trust	Int. 1.4	Aug. 1	1.4	—	3.85

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Polymark turns in £424,000

AFTER A rise from £115,000 to £167,000 at half way, taxable profit of suppliers of machinery to laundries and garment manufacturers, Polymark increased from £247,000 to £424,000 for all 1974. At half way the directors said they expected results for the second half to be at least as good as those of the first.

1974-75 1973-74
Turnover £500,000 £400,000
Profit £167,000 £115,000
U.K. tax £424,000 £247,000
Overseas tax £167,000 £115,000
Profit after tax £247,000 £167,000
Minority £247,000 £167,000
Dividends £247,000 £167,000

They now report that 1975 has started "satisfactorily" but due to economic uncertainties they can make no forecast for the full year.

BIDS AND DEALS

No action by Panel in Croda bid

BY NICHOLAS LESLIE

THE CITY Takeover Panel is taking no action on the application by Midland-Yorkshire Holdings, the chemicals and tar distilling group, last Friday for an investigation into the dealings in MYH shares in the closing hours of Croda International's £8.1m bid for the company.

Thus, any uncertainty about Croda having won control of MYH after a long and, at times, bitter struggle, has been removed. MYH's application for a Panel inquiry came after Croda announced last Friday that its bid had resulted in it gaining 50.11 per cent. of the MYH votes.

The Panel, in a statement announcing its decision, added that a "full statement will be issued in due course."

Although the panel gave no indication of the point under dispute, it appears to have been the purchase of a crucial block of MYH shares in the closing hours of Croda's bid at above the cash offer price of 360p a share. The shares were then assented to Croda.

This no doubt led MYH and

its advisers, Hill Samuel, to seek to find whether the purchaser of the crucial shares could be considered as acting in concert with Croda. If such had been the case, it could have led to Croda being required to raise the level of its cash offer.

TREMLETTIS

Offers for the capital of Tremlettis and the capital of Tower Assets, other than the 98.4 per cent. already owned by Tremlettis Holdings and its subsidiaries, have been accepted in respect of 6,410,115 Tremlettis Ordinary (33.5 per cent.) and 78,321 Tower Ordinary. The offers have been declared unconditional and will remain open until further notice.

DRAKE & CUBITT

The completion of the acquisition by Mr. Bryan Knox and Kelmack Mercantile of a 15.7 per cent. interest (2,194,650 shares) in Drake and Cubitt Holdings from certain Belgian shareholders, due to take place on May 30 next has been postponed to June 5.

ISSUE NEWS AND COMMENT

Water tenders for 9% preferences

Arrangements have been completed for the offer for sale by tender of a total of £25.5m. of 9 per cent. Redeemable Preference stock 1980, Folkestone and District Water Company is offering for sale £16m. of stock and North Surrey Water Company is offering £9.5m. of stock, both at a minimum price of 99p per cent.

Both stocks are payable as to 51p per cent with tenders to be received by Tuesday, June 10, the balance being due on or before Monday, June 30.

Interest on the Folkestone stock is payable half-yearly with the first payment of £5,549.3p net per cent. due on January 2, 1976, and thereafter on July 1 and January 2, 1977. Interest on the North Surrey stock is also payable half-yearly but with the first payment due on October 1, 1975, of £2,317.3p net per cent., and thereafter on April 1 and October 1.

Seymour Pierce and Co. are brokers to both issues.

comment

The only difference between the Folkestone and North Surrey issues is the timescale of the interest payments, so that prospective buyers can adjust income payments to their own requirements. That apart, the issues are identical to each other and to the last water issue of Colne Valley in May. The current yields on Colne are 13.75 per cent. flat and 13.51 per cent. redemption, whereas the new issues on the minimum price are offering 13.95 per cent. and 14.13 per cent. respectively. So, these two issues should follow the trend of Colne where the average price of applications was just over the £100 per

cent. mark. A bid somewhere between £100 and £101 looks necessary at present, but the referendum result could affect market sentiment between now and next Tuesday.

CADBURY—90%

Cadbury Schweppes announced that acceptances have been received for 66,331,143 Ordinary shares of 25p, being 90.5 per cent. of the 73,25m. shares offered by way of rights on the basis of one-for-four at 35p. The shares not taken up have been sold and the net premium over the offer price will be distributed to stockholders entitled thereto.

GAS & OIL

Gas and Oil Acreage has resolved to call up a further 25p per share (5p part payment of per value and 20p part payment of value premium) on the 6m. 25p Ordinary shares (currently 10p paid) in issue. This is in accordance with their earlier indications and is to finance the further drilling programme required for appraisal of the 317 oil discovery and exploration drilling on the other licences. Further details including the date for payment of the call which will not be later than December 3, 1975, will be announced later.

It is the intention to make a final call of 25p per share, following which the Ordinary will be come fully paid, by June 30, 1976.

OTHER ISSUE NEWS

Edward Jones page 30; Phoenix Assurance page 29; The Times Veneer page 30.

Good start at Hewden Stuart

IN HIS ANNUAL statement, the chairman of Hewden-Stuart Plant, Mr. F. Jamieson, says the Board has "tremendous confidence" in the future, believing that, in the years to come, hiring will develop on a much larger scale than hitherto.

In the short term, trading conditions are good, and profits and turnover for the first three months of the current year are "substantially ahead" of last year. Most sections are fully employed, and in normal circumstances this position would give grounds for anticipating another excellent year, states the chairman.

However, the action that the Government takes, and which is needed, must affect the level of activity of industry and the group, he warns, and for this reason, current year results must depend on circumstances beyond the Board's control.

As reported on April 18, taxable profits improved from £2.38m. to £2.63m. in the year to February 2, 1975, and the dividend is 1.4674p (1.2223p) net. A one-for-five scrip issue is also proposed.

During the year there was a "remarkable" improvement in group liquidity, and this has continued in the current year, says

the chairman. Cash flow from profits, depreciation and grant was about £5.5m., and, at February 2, loans, overdrafts, acceptance credits, and hire purchase was only £4.7m. despite heavy investment in stocks and fixed assets. In addition, the group has committed to it substantial unutilised lines of credit.

Meeting, Glasgow on June 26 at noon.

Alliance Investment pays more

REVENUE BEFORE tax of Alliance Investment Company rose from £366,600 to £401,100 in the year to April 13, 1975.

Earnings per 25p share are shown at 4.03p against 3.94p, and the dividend is stepped up from 3.5p to 3.57p net with a final of 2.37p.

1974-75 1973-74

Total revenue £401,100 £366,600

Expenses & interest 166,400 154,200

Revenue before tax 234,700 212,400

Taxation 15,200 17,500

Net revenue 219,500 194,900

Revenue reserve 5,900 5,900

Investments value 10,462,100 10,957,240

Freehold property 219,500 —

Net current assets 219,500 219,500

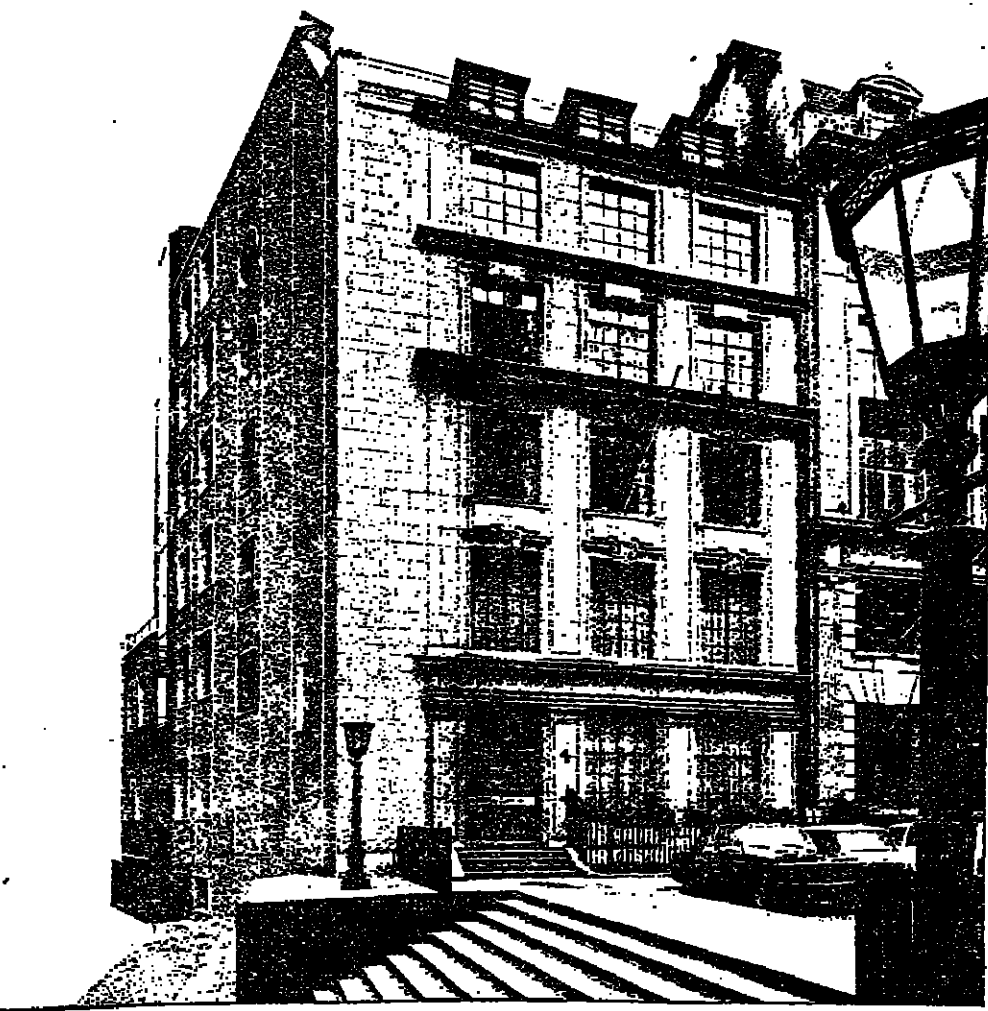
Prof. & debts & loans 11,894,500 11,894,500

Net assets 2,013,600 2,013,600

Value per 25p Ordinary 172p (172p).

Wallace Brothers Bank

Issued capital and reserves exceed £11,000,000.
Australia, Hong Kong, Jersey, Singapore.
Wallace Brothers Bank Limited, 4 Crosby Square, London EC3A 6AJ.
Telephone: (01) 638 4070, (01) 588 4640 (foreign exchange);
Telex: 834689/80; Cables: Wallace London EC3.



Low and High Voltage Electric Motors. Immediate delivery.

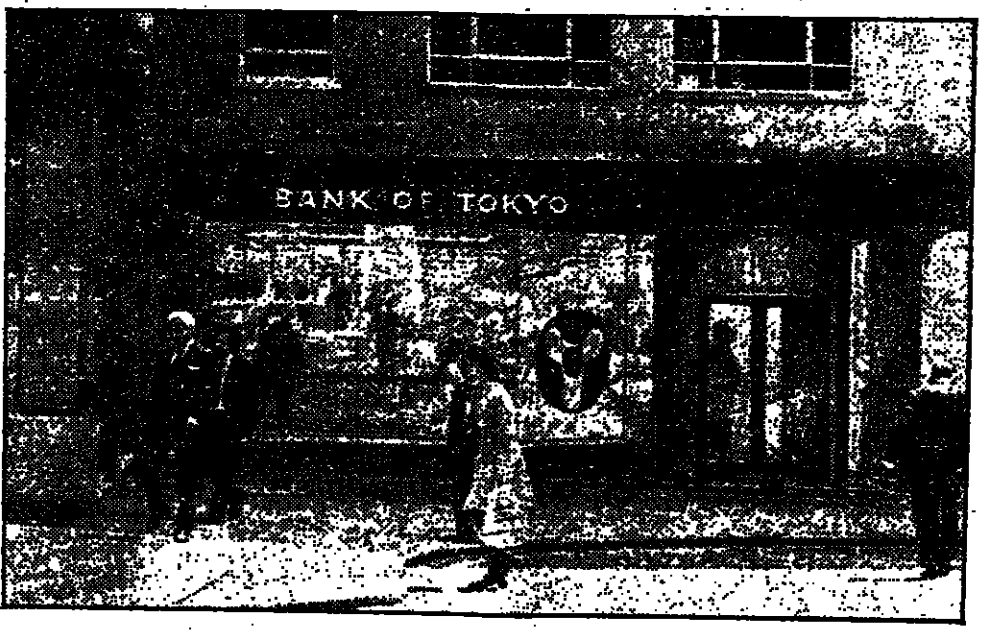
Three-Phase Standard Motors up to 7000 HP. Explosion-Proof Motors. C. C. Motors and Generators. Drive with Thyristor Converters. Three-Phase Generators. Transformers up to 50 MVA and 220 KV. Special manufacture. Repairs in our workshop up to 15 tons, on site unlimited. Rebuild Machines covered by 12 months warranty. Stock lists and catalogues on request. Hannover Fair Hall 11 Stand 100

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BANK OF TOKYO
A leading international bank since 1880

P & O half-year profit halved to £13.63m.

TKM on target for better year

GROUP profit, before tax, of The Peninsular and Oriental Steam Navigation Company fell from £26.38m. to £13.63m. in the six months to March 31, 1975.

And the directors forecast a profit for the 12 months period to December 31, 1975 at around the £30.91m. for the year to September 30, 1975. Last year's profit was a record £48.82m.

Stated earnings per £1 deferred unit are down from 19.5 to 9.2p for the half year. The interim dividend is 15p, a 10% increase on the 13.5p paid last year. Last year's total was £48.82m.

Last March Lord Inchcape, the chairman, warned that profits for the current year would be lower than the 1974 record. He said, "The tanker market, he said, would almost certainly remain depressed but the bulk carrier fleet was still largely protected by forward contracts and the company would also benefit from a full year's contribution from Bovis."

Unless factors emerged materially and adversely affecting operations, he did not expect any breach of the new base level of profitability established in 1973.

The directors now say there was a down-turn in profit from operations in bulk shipping, passenger and European and air transport divisions. Other divisions showed an improvement, and Bovis made a contribution.

An increase in interest payable from £7.2m. to £10.2m. is intended to reflect the higher level of loan.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not given as to whether dividends are expected to be paid or not.

TO-DAY
Intercontinental Cement, J. & J. R. Ltd.
S. G. Watson & Co. Ltd.
S. G. Watson & Co. Ltd.
S. G. Watson & Co. Ltd.

FUTURE DATES
Aldermore Investment Trust June 25
Aldermore Investment Trust June 25
Aldermore Investment Trust June 25
Aldermore Investment Trust June 25

finance and the inclusion of Bovis figures. They add, "Although the profits are not satisfactory" the directors believe they are sufficient to justify payment on October 1 of an increased interim dividend of 15p.

A second interim on April 1, adjusted 0.8286p to a maximum permitted £1.1347p net. A one-for-ten scrip issue is also proposed.

MEPC setback: no interim

NET REVENUE, before tax, of MEPC contracted from £8.61m. to £5.60m. in the half year to March 31, 1975, and the directors have decided that payment of an interim dividend cannot be justified.

For the year to September 30, 1974 a net income of £2.5p was followed by a final dividend of 2.5p. There was a stated loss per 25p share of 2.25p for the half year, compared with earnings of 3.45p.

Gross rental income increased from £16.79m. to £18.85m., but operating profit fell from £7.38m. to £5.60m. Property outgoings and other charges, jumped from £8.08m. to £9.68m., while interest charges were up from £14.12m. to £16.60m.

Also deferment of development of several major sites and charging the holding cost against the results of the group, as opposed to the previous policy of capitalisation, adversely affected the results by over £2m.

The directors stress that it is not sensible to start construction of commercial property development in the U.K. under present conditions when the building cost of a project is a significant liability to tax and the rental rating of vacant premises are all uncertain.

The retention of the sites, which may be replaceable under impending legislation, must place the company in a strong position when conditions again make it possible to go ahead, they add.

The foregoing must be viewed against the underlying strength of MEPC, which has a portfolio of revenue producing properties from which very substantial increased income can be projected over the next few years following the lifting of the rent freeze on March 19, 1975. Total resources available to MEPC are adequate to cover all commitments, it is stated.

Property and other outgoings include a provision of £94,000 for non recovery of debts in Belgium. In addition a provision of £330,000 has been made against the value of certain dealing properties.

Interest payable is after transferring £94,000 (£970,000) to properties held by leasing and house-building subsidiaries.

The tax charge includes £887,000 (£889,000) in respect of overseas tax. The extraordinary item of £187m. arises from provision against possible loss on investments in associated companies in Australia.

The results are attributed to losses in overseas companies and in certain trading activities; the decision to discontinue capitalisation of interest; and because rents in the U.K. were given but costs continued to increase.

Australia suffered a period of uncertainty and a serious recession affecting all aspects of property development and construction. In current conditions, the successful completion and leasing of Exchange Centre, a major office development in Sydney, remains the principal concern of the Australian subsidiary.

COMPANY NEWS IN BRIEF
DUTTON-FORSHAW GROUP (National distributors of motor vehicles and construction and agricultural equipment) - Results for 1974 reported on May 9. Group profit £1.25m. (1973 £1.4m.).

F. MILLER (TEXTILES) - Results for 1974 reported on April 30. Profit £1.25m. (1973 £1.4m.).

FUTURA HOLDINGS (Footwear and rubber manufacturers) - Results for 1974 reported on May 9. Group profit £1.25m. (1973 £1.4m.).

LOWERY PERAK TON DREDGING - Interim dividend 25 cents in respect of year ended April 30, 1975. For 1974, 25 cents. Board proposes to recommend another dividend of 25 cents in 1975.

MARSHALL'S UNIVERSAL (Retailers of consumer goods and distribution) - Results for 1974 reported May 2. State-

ment of Sources and Application of Funds shows net purchases of fixed assets, including effect of currency fluctuations, of £1.4m. (£1.4m. decrease), movement of £1.4m. (£1.4m. increase).

WILLIAMS AEA GROUP (Specialist contractors) - Pre-tax profit £1.25m. (1973 £1.4m.).

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Rotaprint second half downturn

AFTER rising from £188,000 to £193,000 in the first half, taxable profits of printing and duplicating equipment manufacturer Rotaprint fell from £572,000 to £502,000 for the year ended March 29, 1975.

A final dividend of 1.5086p, maintaining the net total at 3.68p, is proposed. The directors explain that demand in the U.K. and many industrial countries declined during the second half as the world recession deepened, and production in the U.K. gathered momentum.

Growth in sales of consumable products was maintained both at home and overseas, they report.

Home sales 1974 1975
Overseas sales 1974 1975
Total sales 1974 1975

Profit before tax 1974 1975
Tax 1974 1975
Profit after tax 1974 1975

Dividends 1974 1975
1st January 1974 1st January 1975

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Dividends 1974 1975
1st January 1974 1st January 1975

MR. K. THOROGOOD, chairman, today told the annual meeting of T. & A. Kenney and Sons (Holdings) Ltd. that group results thus far were pretty much as expected, which was the prospect of a better year in 1975 than in 1974, although this would not be reflected in profits for the first half.

For the first six months of the common seasonal fluctuations distorted the comparison between 1974 and 1975, he explained.

Mr. Thorogood reported that the motor interests had improved and BMW, Maudsley and Maudsley were making good profits. Results of the food division continued to be disappointing, but losses suffered during 1974 were being contained.

He stressed that the wide spread of interests would again assist in cushioning the effects of downturn in any one area (notably the U.K.) or any one type of activity.

Mace Rainbow
Mace, Rainbow and Stone, Red-rubber-based manufacturers of of assets equal to 58 cents (all).

Salient points from the remarks of the Chairman, M. M. Stanley at the Annual General Meeting on 29th May, 1975.

Turnover 1974 1975
Profit before taxation and extraordinary items 1974 1975

Dividends 1974 1975
1st January 1974 1st January 1975

Dividends 1974 1975
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1st January 1974 1st January 1975

Dividends 1974 1975
1st January 1974 1st January 1975

This announcement is neither an offer to purchase nor a solicitation of an offer to sell any of the securities. This offer is made only by the Offer to Purchase and is not being made, nor will tenders be accepted from holders of Shares or holders of Debentures, in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

Notice of Offer to Purchase
All Shares of Common Stock
and
All 5% Convertible Subordinated Debentures due
January 15, 1989

Libby, McNeill & Libby

for Cash
at \$8½ per Share Net and

\$700 per \$1,000 Principal Amount
of Debentures Net

by
Universal Food Specialties, Inc.

a Subsidiary of

Nestlé Alimentana S.A.

Universal Food Specialties, Inc. ("Universal Food"), a Delaware corporation and a wholly-owned subsidiary of Nestlé Alimentana S.A., a Swiss corporation, is offering to purchase all shares of Common Stock (the "Shares") and all 5% Convertible Subordinated Debentures due January 15, 1989 (the "Debentures") of Libby, McNeill & Libby ("Libby") at \$8½ per Share net in cash to each selling shareholder and at \$700 per \$1,000 principal amount of Debentures net in cash to each selling debentureholder (without any additional payment in respect of interest accrued thereon), upon the terms and conditions set forth in the Offer to Purchase dated May 29, 1975 and in the Letter of Transmittal for Shares and the Letter of Transmittal for Debentures.

Universal Food presently owns 5,953,608 Shares, constituting approximately 61% of the 9,721,779 outstanding Shares. If at least 2,796,000 Shares are duly tendered by the expiration of the offer, Universal Food will, subject to the terms and conditions set forth in the Offer to Purchase, purchase all (but not less than all) Shares and Debentures duly tendered. If less than 2,796,000 Shares are duly tendered by the expiration of the offer, Universal Food reserves the right, but will not be obligated, to purchase all (but not less than all) Shares and Debentures duly tendered. Universal Food may, at its option, extend the Offer from time to time during which extension all Shares and Debentures previously tendered will, except as provided in the next succeeding sentence remain subject to the Offer and may be purchased by Universal Food. Shares and Debentures tendered may be withdrawn prior to June 6, 1975, and, unless theretofore purchased by Universal Food, may also be withdrawn after July 27, 1975.

THE OFFER WILL EXPIRE AT 5:00 P.M., CHICAGO TIME, ON
JUNE 13, 1975 UNLESS EXTENDED AS PROVIDED
IN THE OFFER TO PURCHASE.

Copies of the Offer to Purchase and related Letters of Transmittal have been mailed to holders of Shares and holders of Debentures.

Universal Food will pay to any broker or dealer, who is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc., to any foreign broker or dealer who agrees to conform to the rules of fair practice of such association, or to any commercial bank or trust company, who solicits and obtains tenders and whose name appears in the appropriate space in the Letter of Transmittal for Shares or the Letter of Transmittal for Debentures and who has solicited the tender to which such Letter of Transmittal relates, a solicitation fee of 35¢ for each Share and \$7.00 for each \$1,000 principal amount of Debentures purchased pursuant to the Offer to Purchase and covered by such Letter of Transmittal. Solicitation fees are subject to limitations as provided in the Offer to Purchase.

The Offer to Purchase contains important information which should be read prior to tendering Shares or Debentures pursuant to the Offer.

Copies of the Offer to Purchase and the Letter of Transmittal may be obtained from the Dealer Manager, either Depository, the Forwarding Agent or the Soliciting Agent.

Depository for the Common Stock
Continental Illinois National Bank
and Trust Company of Chicago

By Mail or By Hand:
The Corporate Securities Division
12th Floor
231 South La Salle Street
Chicago, Illinois 60693

Forwarding Agent for the Common Stock
The First Jersey National Bank

By Mail:
The First Jersey National Bank
Post Office Box 991
Jersey City, New Jersey 07303

By Hand:
The First Jersey National Bank
One Exchange Place
Jersey City, New Jersey
Attention of Special Services Department,
Seventh Floor

Depository for the Debentures
The Chase Manhattan Bank, N.A.

By Mail:
The Chase Manhattan Bank, N.A.
Post Office Box 2437
Church Street Station
New York, New York 10015

By Hand:
The Chase Manhattan Bank, N.A.
Corporate Agency Department
One New York Plaza
New York, New York

Soliciting Agent
D. F. King & Co., Inc.

2 North Riverside Plaza
Chicago, Ill. 60606
(312) 236-3881
(Call Collect)

20 Exchange Place
New York, N.Y. 10005
(212) 269-5550
(Call Collect)

555 California Street
San Francisco, Calif. 94104
(415) 789-1119
(Call Collect)

The Dealer Manager for the Offer is

LEHMAN BROTHERS

Incorporated

One William Street
New York, New York 10004
Tel: (212) 269-3700

June 2, 1975

FADS HOMECARE CENTRES

Retailers of Paint and Wallpaper.

Copies of the Report and Accounts may be obtained from the Secretary, Stanley House, Cray Avenue, Orpington, Kent, BR5 3PW.

U.S. \$10,000,000 TERM LOAN

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BOOKS

In and out of the wilderness

BY C. P. SNOW

Winston S. Churchill: Volume IV 1917-22 by Martin Gilbert Heinemann, £9.45, 987 pages

Life with Lloyd George by A. J. Sylvester. Edited with an introduction by Colin Cross. Macmillan, £7.50, 361 pages

The new instalment of the official Churchill biography covers an eventful period—the end of the First World War, the Russian Revolution and the intervention in Ireland, the collapse of the coalition—and Mr. Gilbert has executed it with his consummate proficiency.

It is possible that, unless this country interests people next century more than now seems likely, the whole biography will seem excessively long.

Churchill's practice of committing to paper everything he did, decided or even suggested, makes for an enormous mass of material: but written material, so comforting to historians, has not quite the sacred quality that they tend to confer upon it, as anyone who has had a tiny part in official business wistfully knows.

The Churchill papers in this volume give some evidence, of course, about the writer's personality, but by this time we are already familiar with that, and it would be surprising if there is any startling or novel insight in the later volumes.

In 1917 Lloyd George rescued Churchill from the political desert, and taking a personal risk (to most Tories, Churchill was, and remained until 1940, the most distrusted man in the country), made him Minister of Munitions. He was a very good one. He had a quantitative mind, but he was obsessive, energetic as ever, and here, as all through his career, proved a first-class executive. He also proved, if it needed proving, that listening to others' predictions was not his favourite exercise. What he

was doing with his own hand was all important. He proposed to go on accumulating stores of munitions for the campaign of 1919 when, by midsummer 1918, the soldiers believed that they could finish the war that year. That was pure Churchill. Oblivious to others, egocentric, bees in the bonnet (he already believed passionately in bombing German towns, which in 1918 was military nonsense—his character was formed early and didn't change. But he made the munitions, and was the indomitable and closest support of Lloyd George in the most sombre days of March to June, 1918.

The relation of those two is of considerable interest. Lloyd George indulged Churchill as he did no one else. He genuinely liked him, and felt a curious half-mocking respect in some ways they complemented each other. Lloyd George was imaginative about the world and society, but not specially inventive. Churchill was not imaginative about society (all his life he wanted nothing more than for the world he knew to persist, though in a more decent and kindly shape), but extremely inventive. Lloyd George's ambitions, by the end of the war, were safe. Churchill's were insatiable, and there was a rift in 1921 when Lloyd George didn't give him the job he was least fitted for, that of Chancellor of the Exchequer.

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His memoranda have to be read to be believed. To other intimates, Lloyd George said that Churchill must be going off his head. In the Churchill documents, non-Bolsheviks are the only Russians, and he always finish the war that year. That was pure Churchill. Oblivious to others, egocentric, bees in the bonnet (he already believed passionately in bombing German towns, which in 1918 was military nonsense—his character was formed early and didn't change. But he made the munitions, and was the indomitable and closest support of Lloyd George in the most sombre days of March to June, 1918.

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Lloyd George and Churchill: fresh light on their relations is shed in two new books.

as those of egocentric personalities tend to be. Lloyd George's wasn't at all simple. He was capable of being as callously selfish as Churchill, or more so, but he wasn't egocentric; and a nature which is selfish but not self-bound takes a good deal of coping with. As Frances Stevenson had to realise, Mr. ter-Horst was not always fair to Frances Stevenson, and raises one or two suspicions which are unjustified. His diary cleaves much more closely to the surviving tradition in the Lloyd George family. In effect, this is a useful corrective, and a fairly sceptical footnote, and some not over-enthusiastic explanations. The Sylvester diary would be about as faithful an account as we shall get. Strongly recommended.

stranded in the political desert again. There this volume leaves him, ready to cross the House once more and add to his reputation for being just as an adventurer in search of office. A. J. Sylvester was Lloyd George's principal private secretary—though Frances Stevenson was his most confidential one—for many years, and also, by a providential chance, an admirable diarist. This is a record of the declining years, from 1931 until Lloyd George's death in 1945, and one wishes there existed something similar for all great men. Lloyd George was a great man, whatever that phrase means and whatever his flaws. He was also an exceptionally interesting and complicated one. Churchill's psychic structure seems to have been fairly simple,

Soldier for hire

BY RICHARD JOHNS

Arabian Assignment, by David Smiley. Leo Cooper, £6.75, 243 pages.

In passing reference to the "odious" attached to the word mercenary in recent years, Colonel David Smiley quotes the OUP definition of "a hired soldier in foreign service" and points out that by this criteria the Gurkhas, General Gordon and Glubb Pasha would answer to such a description. For his part he was "very happy to be in such company as commander of the small Saudi-financed team which assisted—with advice and training—the rag-bag Royalist forces and irregulars in the fight against the Republicans backed by Egyptians who at the height of their involvement had 70,000 men engaged in the Yemen civil war.

The peak for mercenaries was 48, of whom 18 were British and 30 French and Belgian, for the most part veterans of the Congo but whose conduct in the Yemen was far removed from the African debacle. And, although the Saudis were his paymasters, the operation was very much in the interests of Britain and the

West—a point which he does not over-emphasise. Smiley had been called in earlier by Lieut-Col. Billy McLean, another notable member of the Special Operations Executive free-masonry and a former colleague in Albania, to appraise the situation on behalf of the Saudis. With a modest and good humour which clearly undercuts the rigour and dangers involved, he gives a lucid account of his Yemeni adventures. Fed from copious diaries and illustrated with many of his own photographs, it is full of colour and anecdote. The trucks across the rugged mountain terrain from one Royalist command post to another, his dealings with the Hamid ud-din princes, and life in the caves which provided the Migs fighters.

It is a reflection of the political twists and turns of Arab that in his first Arabian assignment Smiley was indirectly fighting the Saudis when as a seconded British officer he commanded the Sultan of Oman's Armed Forces during the revolt raised under the banner of the dubiously appointed religious Imam Ghalib bin Ali but in reality organised

by his wily brother Tahir, financed by Riyadh. By a strange coincidence the colonel on his first visit to Jeddah was in the lobby of his hotel when the Executive Operation other than Tahir whom he had captured before the drama finale in 1958. The story of the storming of the towering 10,000 foot Jebel Akhdar, which was the Imam's stronghold, would have done credit to Henry's sagacity.

Smiley's must be the best and most authoritative account of this action which required the assistance of British troops, including the four squadrons of the Special Air Services to bolster SAF, then a small and ill-equipped force run on a shoestring. Quite apart from the high-mountain drama, his work in strengthening and making more efficient the reactionary old Sultan's Army is something else Smiley can be proud of. He is a man who knows his own mind, and his omissions, Mr. ter-Horst says, are to be fairly acknowledged. The presidency of the U.S. demands more of its incumbents than that he simply be a guy.

Two presidents

BY JUREK MARTIN

Gerald Ford by J. F. ter-Horst. W. H. Allen, £3.95, 245 pages

FDR's Last Year by Jim Bishop. Harvill, MacGibbon, £7.00, 690 pages

Gerald Ford has been President of the United States for barely three-quarters of a year. My knowledge Mr. ter-Horst has produced the first book so far on the man. Franklin Delano Roosevelt was America's longest serving chief executive and has been the subject of as much intense analysis as anybody, but Mr. Bishop has concentrated on the details of the past 12 months of his life.

Mr. ter-Horst can fairly claim to be the journalist closest to Mr. Ford. They grew up together in Michigan, ter-Horst as a newspaperman, Ford as a politician,

and when Ford was catapulted into the White House on Nixon's resignation last year, it seemed logical to ask ter-Horst to be his Press secretary. It was a brief interlude: a month later, when Ford pardoned Nixon, ter-Horst resigned in protest and equally briefly, became something of a cult hero in Washington in his own right.

But that incident clearly did not diminish the fundamental affection that the author holds for the President. Thus, though this cannot be said to be an authorised biography, it is not especially critical. Mr. ter-Horst clearly is at home with Mr. Ford's unimagination, his lack of political acumen, his conservatism, his hesitancy to attempt to probe too deeply into any of the murkier aspects of Ford's career—the attempt to impeach Supreme Court Justice William Douglas, for example—and I have the suspicion that Mr. ter-Horst ascribes to Ford a rather greater influence of legislation than in fact he exercised, in spite of long tenure as Republican leader of the House of Representatives.

However, not even Mr. ter-Horst's bland benevolence can hide some of the more pertinent questions that have to be asked FDR's fitness for the highest office. Ford's extraordinary gyrations as vice-president, his inconsistent alter- rather more to be affectionate nation between support for them about.

President Nixon and disapproval from him, hardly suggest a man who knows his own mind, and his omissions, Mr. ter-Horst says, are to be fairly acknowledged. The presidency of the U.S. demands more of its incumbents than that he simply be a guy.

FDR, dying, presented a truly tragic sight. Mr. Bishop's work is based on exhaustive research and the "I was the fly on the wall" technique. It was movingly well when applied to FDR's personal circumstances in his last year, increasingly feeble, known by his doctors to be dying, frantically conscious of his own frailty but never publicly admitting it, interminably decisive, always charming, and gathering, at the very end, consolation from the woman he truly loved for a quarter of a century, not his wife, Eleanor, but his faithful Lucy Mercer Rutherford.

And when transferred to matters of international statecraft, the technique produces the fascinating vignettes—on Yalta on FDR's seashore summit with Stalin, on the American despatch to the UN, on the ambivalence of questions that have to be asked FDR's fitness for the highest office. Ford's extraordinary gyrations as vice-president, his inconsistent alter- rather more to be affectionate nation between support for them about.

Fiction

Killer's club

BY MARTIN SEYMOUR-SMITH

The Sicilian Specialist by Norman Lewis. Collins, £3.50, 351 pages

The Field-Marshal's Memoirs by John Masters. Michael Joseph, £3.50, 315 pages

Young Patallo by J. I. M. Stewart. Gollancz, £3.50, 317 pages

An Empty House by George Friel. Calder and Boyars, £2.95, 183 pages

Yesterday's Spy by Len Deighton. Cape, £2.75, 224 pages

Norman Lewis, who published his first book in 1938, has attracted some high praise from distinguished critics; but he has never had the attention he deserves. He is not listed in the new Cambridge Bibliography of English Literature, and, more surprisingly, is not even mentioned in Walter Allen's survey of the modern novel, *Tradition and Dream*. Yet *The Day of the Fox* (1955), at least, is surely a remarkable achievement: few English writers have so brilliantly conveyed the mores of a "simple" Mediterranean people (here the Catalans of a fishing village). Lewis has two special gifts: deep and precise knowledge of this material, which is often exotic or horrific, and a poker-faced style that owes something, although by no means too much, to Hemingway at his best.

The Sicilian Specialist displays both these gifts. The author was seconded as a member of British Intelligence to the American Fifth Army in 1943, and he spent two years in Italy watching the Allied governments fall under the spell of Vito Genovese and Lucky Luciano, both of the

Mañis. As readers of *A Small War Made to Order* (1966) will know, he also has intimate knowledge of the CIA; and it is clear from this new novel that his acquaintance with the post-war Mañis is as close.

The background of *The Sicilian Specialist* is appalling; and we believe Norman Lewis when he implies that he knows much more than he is telling here. As he says, "There are... killers in this book whose names have not been changed. Bonachera Leon is a specialist assassin kept in a Central American jail, from which he is released periodically to commit political assassinations." These are the kind of realities with which *The Sicilian Specialist* deals, and the detachment of its style brings them into the harshest possible relief.

This novel is an excellent piece of character observation. The young Sicilian Marco Riccione proves himself so resourceful that he rapidly rises in the ranks of the Mañis, certain Americans deal in a kind of detachment of style, and the author tells us that the three political murders that form an important part of the plot have been "cleansed of some of their cobwebbing of deceit." This fiction is worth any amount of actual commercial methods.

For his latest and, as always, highly readable military

romance John Masters has invented a "Balkan Campaign" of 1945, a campaign that ended with the Battle of Volja Lovac, in which the unknown Field-Marshal Sir John Durham, according to the official record, routed the Nazis. But 28 years later the still fabled Field-Marshal, now a very old man, is dissatisfied: he feels like a marble monument, and he wants to tell the truth. Although this threatens both the myth of his famous victory and the well-being of his family, he decides to write his memoirs. The politicians, and others, do not want it.

The psychology of this novel is mechanistic and wholly unconvincing. But the military detail is impeccable—especially as the campaign is imaginary—and John Masters is professional rather than pretentious. There is enough military truth at least in *The Field-Marshal's Memoirs* to justify enjoyment of its expert narrative pace and skill.

Young Patallo is the second in J. I. M. Stewart's projected five-novel "Oxford Sequence." But in terms of chronology it comes first, for it relates events that took place 20 years earlier than those of *The Game*, the first volume to appear. Duncan Patallo, who has just come up to Oxford—to his room on the staircase in Surrey (a college quadrangle), where he is to meet his future friends, is the narrator. Most of the novel is about a now bygone Oxford, but we get some inkling of Duncan's adolescence in Scotland and of the character of his father, a famous painter called Lachlan Patallo, who was killed in the First World War. The novel is as surprising as its predecessor, is at its best in its comic or frankly nostalgic aspects. The sense of Oxford and of its characters is gently but incisively conveyed; but when the author comes to anatomise his characters, and to present them in more serious light, he is curiously feeble. The book works well at a comic level, but the structure cannot take the weight of seriousness—as, for example, that of Anthony Powell's novels can.

George Friel's *An Empty House* is a straightforward, modest, well-written story of youth and age—a theme also explored in its four predecessors. Here an over-confident adolescent goes to live secretly in a mansion which has been left to his sister, who can neither sell it nor afford to live in it. He gets involved in a murder case, and is convinced that he has the end, as purged of his illusions.

The author's capacity to convey the tormented intensity of male adolescence quite frequently reminds one of the veteran New Zealand writer, Frank Sargeson, whose high praise, *An Empty House* has the same qualities of empathy and detachment as some of Sargeson's writing about young people; it is a quietly impressive novel.

Len Deighton's latest spy story deals with the ambitious new exploits of an "old-fashioned" spy, Steve Champion. It lacks the breathless pace of earlier Deighton thrillers, but is easier to understand (for those who may have been, heretofore, confused). It is a thriller to take at a quick sitting. The dialogue is somewhat suited to the aim, but the narrative compels attention once disbelief has been suspended, which it fairly willingly is.

Wilde's friend

BY JOHN LEHMANN

Frank Harris by Philippa Pullar. Hamish Hamilton, £3.25, 420 pages

"He was a square-headed individual with very black hair parted in the middle and brushed fiercely back," wrote H. G. Wells describing the occasion when, as a very young man, he was summoned by Harris to the office of the *Fortnightly Review*. "His eyes as he met my shabby and shaming form became instantly drawn to the middle of his face, a vast black upturned moustache, from beneath which came a deep voice of exceptional power. He seemed to me to be of extraordinary size, though that was a mere illusion; but he was certainly formidable."

It is difficult to know whether to judge Frank Harris as a man with a modest literary gift, an editor with an outstanding flair, and a generous friend of artists who had fallen foul of prejudice and repressive law; or as a loud-mouthed liar, a self-deluding megalomaniac, and a promoter of shady financial schemes. He was all these things at one time or another, and his complex character and chequered career seem to hold an inexhaustible fascination for the biographer. Moreover, in his lifetime, he seems to have had a personal magnetism that blinded people to his faults and turned them into uncritical disciples and

worshipping fans, at any rate in the first flush of acquaintance. Not daunted by five previous books, Pullar has made yet another attempt to sift the authentic from the distorted, or even totally dreamed up, in Harris's autobiographical writings. Her book is too long, and abounds in padding, but it unravels on a very readable if rather flat-footed way. She clearly finds him amusing and picturesque; but it seems to me that her judgment in the end is against him, though she rightly draws attention to the melancholy introspective streak that lay just below the boasting and the rant.

One wonders whether Harris would be remembered with as much interest if he had not written, towards the end of his life, that remarkable work of exuberant and salacious fantasy, *My Life and Loves*, which he had to peddle himself with every humiliating subterfuge to escape the censorious eyes of police and custom men. He paints himself as a sexual super-athlete, and though only takes leave to doubt the truth of many a lurid tale, he certainly radiated sex, dream of sex, and was shattered by the impotence that overcame him in his last years.

He appears to have been a 100 per cent womaniser, but he had no prejudices as his championing of Oscar Wilde and his hour of need shows, and his witty confession that, though he

had never experienced the embrace of a man, if Shakespear had asked him what he would have said Yes. (A remark that produced a wicked cartoon from Max.) Nevertheless, there were some curious survivals of Victorian sexual superstition in his makeup.

It is painful to follow the decline of his career in Mrs. Pullar's pages from the audacious and often inspired editing of the *Fortnightly* and the *Saturday Review*, with the sparkling lists of first-rate contributors he had recruited, to the vulgar and scandal-mongering *Modern Society*. In that get-rich-quick atmosphere of late Victorian and Edwardian society, he seems to have been badly bitten by the craving to become a millionaire. The story of the restaurant and the hotel he (disastrously) promoted in the South of France makes sorry reading, and incidentally tarnishes the record of his friendship with Wilde.

Harris made a great deal of noise in his life. It is difficult to avoid the final impression of a boomer, a paranoiac and a con-man. But one should remember the earlier phases of his life, before these faults had corrupted and overlaid what was admirable in him: his hatred of cruelty in the name of justice, his contempt for sexual hypocrisy, and his genuine, deep admiration for literature and the great artists.



Frank Harris in the custody of the tipstaff on his way to Brixton Prison, 1914

Monster of the sea

BY JAMES McDONALD

Supership by Noël Mostert. Macmillan, £3.95, 304 pages

No one can love a supertanker. Several years ago when I saw the first 500,000-tonner enter Ireland's lovely Bann Bay it was a classic example of beauty and the beast. It is indicative that even the people who man these lonely and largely automated giants—plying from an offshore loading point in the Persian Gulf to a desolate part of Rotterdam with perhaps a 12-hour turnaround time at each end—describe the tanker as "it" rather than "she".

Mr. Mostert's book is a superb journalistic achievement and draws attention, rightly, to the danger which these ships present to the environment. Within a factual account of the potential disasters which could be created by two supertankers colliding, for example, in the English Chan-

nel, and the horrific effect on the coastal environment Mr. Mostert weaves into his book a sad tale of the lonely lives led by the technicians, rather than seamen, who man these enormous ships, a quarter of a mile long.

To some extent Mr. Mostert has been overtaken by events. He is strongly opposed to the supertanker on both the environmental and accident factors but ships like these remain a fact of life. P & O, on whose ship Mr. Mostert travelled in 1971, challenges several of his claims in the book, and P & O is regarded by him as a "good" supertanker operator.

While welcoming the bulk of Mr. Mostert's book—and his frightening description of a tanker inspection exercise—such tank question is—what can replace the supertanker?

view that supertankers would be safer if built with double bottoms, twin screws and rudders.

"All these refinements would not make a safer ship and in some cases could be counter-productive," claims P & O.

The oil price crisis has led to a setback for the supertanker and about 25m. deadweight tons of tankers—mainly VLCCs—and representing about 10 per cent of the world tanker fleet are now lying idle. It is also likely that over 50m. tons of supertankers on order with the world ship yards also may be cancelled this year.

Events have moved quickly in the shipping sector over the past year but many of Mr. Mostert's arguments against the supertanker as an environmental menace remain valid. The main question is—what can replace the supertanker?

U.K. ECONOMIC INDICATORS

		1975				1974			
		May	Apr.	Mar.	Feb.	May	Apr.	Mar.	Feb.
General		164.1	173.4	178.0	429.8	398.0			
Unemployment	%	81.0	89.7	76.4	53.4	64.8			
Currency resrvs.	£bn.	6.49	7.13	7.17	6.92	6.96			
Bank advances	£bn.	14.72	14.87	15.024	13.968	13.818			
Manuf. prod. d	1970=100	127.0	129.0	127.9	146.3	142.4			
Basic material d	1970=100	223.0	221.8	218.8	217.4	215.5			
Retail prices	Jan.74=100	129.1	124.1	121.9	106.1	105.0			
Trade of trade	1970=100	78.4	78.3	77.2	72.9	74.1			
Imports	July72=100	126.6	135.7	137.0	125.0	129.0			
HP debt	£bn.	2.265	2.284	2.303	2.378	2.398			
Indust. output**	1970=100	104.6	105.5	105.2	105.7	106.1			
Rtl. sales val**	1971=100	166.3	166.7	165.8	138.2	138.1			
Trade and									
Industry									
Comm. vehicles*	'000s	32.3	31.8	29.3	31.8	30.3			
Cars*	'000s	108	105	115.1	115.3	125.3			
Imports f.o.b.**	£bn.	165.5	165.9	172.4	166.2	155.1			
Exports f.o.b.**	£bn.	136.6	154.0	148.1	125.5	115.1			
Visible trade									
Balance	£bn.	-0.289	-0.118	-0.243	-0.407	-0.426			
Steel (weekly average)*	'000 tonnes	429.5	494.4	471.0	459.7	458.1			
Bricks*	millions	414	381	400.2	519	40			
Cement (wily average)*	'000 tonnes	327	338	314	388	39			
Houses cmpld.†	'000s	26	23	23.3	20.2	22.6			
Man-made fibres*	m. kgs.	48.13	44.33	44.31	63.9	58.4			
TV setatt	'000s	202	234	246	269	282			
Radio gramatt††	'000s	362	301	356	383	468			
Hosiery*	1970=100	89	91	88	162	97			
Petroleum†	m. tonnes	7.23	8.33	7.78	8.05	8.49			
Furniture***	1970=100	156	151	153	130	129			
Raw cotton†	'000 metric tonnes	2.13	1.83	1.98	2.07	1.87			
Engin. (weekly average)	1970=100	126.0	127.0	126.5	136.0	135.5			
Machine tools†	£m.	25.1	23.0	24.05	18.3	16.7			
Elec. cooker††	'000s	77.0	80.2	78.6	64.4	63.9			
Washg. machns.†	'000s	85.9	83.9	84.9	75.7	73.8			
Raw wool†	m. kilos	8.9	7.7	8.7	9.4	10.4			
Consumer spending	1970 values	9.125	9.010	8.246	35.607	35.759			
Motor trade turnover	1967=100	243	209	186	207	198			
Buildg. and civil engineering*	£bn.	2.623	2.667	10.220	2.372	2.894			

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Great Britain, not seasonally adjusted. ** Seasonally adjusted. †† All manufacturing industries. ‡ Excluding car radios. § Delivered to U.K. made and imported sectors. ¶ Figures revised November 1974. Earlier figures adjusted. † Constituent changed January 1975. ‡ Refer only to U.K. residents' sterling. c Revised May 1973. d Prices from January 1974. Figures were calculated on 1961 base series linked to December 1973. From October 1974, onwards all 1974 figures and 1973 figures back to July have been revised and fully rebased to continue on a full 1970 base. † Including cooker grilles toasters.

FINANCIAL TIMES SURVEY

Thursday June 5 1975

CHANNEL ISLANDS

There is no shortage of very rich people wanting to enjoy the considerable tax advantages of the Channel Islands with the result that immigration policies are becoming increasingly strict. The authorities also have to ensure that the newcomers integrate successfully with the native islanders.

Islands go to the top

20p in the pound without death duties. Which points to the real changes on these two islands. New communities now exist alongside the indigenous islanders and the traditional cadres of retired civil servants and services officers.

Each island has a new community of the very rich. And that means very rich. Jersey has been looking for people able to show several millions of pounds wealth each to qualify for residence on the island. Rarely has there been a shortage of applicants. Each island also has a new community of bankers and managers of financial institutions. They represent the new career of tax havens to the world which the two islands have taken up with such nerve, verve, and success during the last ten years. Considering the complex patterns of these different but interdependent societies on the two islands it says much for the two governments that everything is working so smoothly. One reason is that government is still almost wholly in the hands of the native-born islanders themselves. They are a cautious and thoughtful people.

There is one other main island in the group. That is Sark. Just a ferry trip away from the flesh-pots and bank parlours of Jersey and Guernsey the virtue of Sark is that it has not changed significantly either physically or socially for hundreds of years. And it does not intend to change. Sark is a benevolently feudal island—mostly occupied by the rich a hereditary Seigneur; to be there who have come to the more precise. As no motor-cars are allowed there, it is one of the last refuges of peace and quiet in Europe.

So well has each island pricked a course down its chosen pathway that they might be in danger of being charged with being complacent, even smug, about their successes today. Here is a group of tiny islands lying off the French coast but acknowledging as ruler the Queen as Duke of Normandy. They are part of the British Isles but not part of the U.K. They have a special and useful relationship with the Common Market via a protocol to the British treaty of accession.

Jersey and Guernsey are becoming increasingly strict about their immigration policies. Jersey is already in a position to scrutinise the bank balance and potential worth to the community of every immigrant. That can mean measuring the strain the applicant is likely to put on the community in terms of services required—housing, eventual medical care, etc.—against that person's contribution to the budget in terms of the tax he will pay or the work he will do.

Jersey uses the regulator of permission to buy or rent property. Guernsey is, so far, less strict and has an open market for the higher priced properties. But Guernsey too is reaching the limit of its desirable population and intends to restrict growth of the present population of 54,000 (by controlling immigration) to about 300 a year over the next ten years to a limit about 7 per cent above the present figure.

Next are the problems associated with being important offshore financial centres. Together the islands now have about £1,400m. of other people's money on deposit and are managing assets worth thousands of millions—no one knows exactly how much. For such enterprises to proceed harmoniously the islands must have high degrees of political stability—which they are confident they can offer under the general umbrella of British protection—and impeccable reputations for financial probity.

However, the islands have had severe reverses of fortune in the past and are not inclined to be complacent now. Rather they are showing a conspicuous alertness in contemplating their economic futures. For several problems are looming. One is the problem of people. Tight little islands can only accommodate so many; otherwise some would be in danger of falling off the edges.

To achieve the second they have been quick to bring in the professionals. Both islands are now well advised and affairs monitored by civil servants. Their laws relating to finance and bankruptcy are approximately consistent with those of England, although some islanders will claim they are ahead of England in certain respects. But this injection of professionalism has been bought at a price. The islands are more bureaucratic and less "chummy" than they used to be.

The whole financial operation which spreads through the Channel Islands is reaching a point in its development where it will consolidate and develop selectively rather than double its business every few years as has been the case in the recent past. Both Jersey and Guernsey now take the view that these financial operations are almost as big as the islands can manage without undue pressures being put upon their limited resources.

There was a predictably noisy reaction from the island's financial communities when it became clear that Chancellor Healey was going to make British citizens who moved to the islands in future liable to continue paying the capital transfer tax. But many of the islanders themselves holding positions with political power have not been unduly upset. Although they are always sensitive about any possible Whitehall encroachment upon their independence they have tended not to regard the capital transfer tax decision in that light. For it is to be applied to

Englishmen before they settle in the islands. The true Channel Islander puts a higher premium upon the delicate but enduring relationship between the islands and the U.K. than he does on the small print of tax avoidance.

Looking to the future it is clear that light industry must pay a part in the development of the islands. Tourism, agriculture, and banking cannot be a complete base for rounded economies. The islands are acutely conscious that, offered virtually only those three careers, many young people on the island's economy have to leave the islands. Jersey already has a fair sprinkling of industry employing some 1,000 people. It may consider more manufacturing on a highly selective basis. Although labour is in very short supply in these islands of full employment the advantages of manufacturing from a mid-Channel low taxation base are sufficient to interest many companies.

Guernsey, although turning down roughly nine out of every ten applications to set up manufacturing facilities, has pursued an industrialisation policy in recent years with virtually only those three careers, many young people on the island's economy have to leave the islands. Jersey already has a fair sprinkling of industry employing some 1,000 people. It may consider more manufacturing on a highly selective basis. Although labour is in very short supply in these islands of full employment the advantages of manufacturing from a mid-Channel low taxation base are sufficient to interest many companies.

Whether the islands are havens or prisons to individuals must depend upon the sort of careers they wish to pursue, how they react to living in small, highly-charged communities, and whether they have wealth they wish to protect. But one thing is clear. The two Bailiwicks of Jersey and Guernsey are making sincere and determined efforts to balance the often conflicting requirements of their peoples.

Roy Hodson, Regions Editor

Prosperous

They have become prosperous to an extent undreamt of by the islanders of a couple of centuries ago who existed at various times by fishing and by knitting: two precarious occupations. It would be easy to be complacent in the spring sunshine of the islands, with low taxation pledged by the administrations to continue into the far distant future, and a high standard of living the privilege of almost every inhabitant.

However, the islands have had severe reverses of fortune in the past and are not inclined to be complacent now. Rather they are showing a conspicuous alertness in contemplating their economic futures. For several problems are looming. One is the problem of people. Tight little islands can only accommodate so many; otherwise some would be in danger of falling off the edges.

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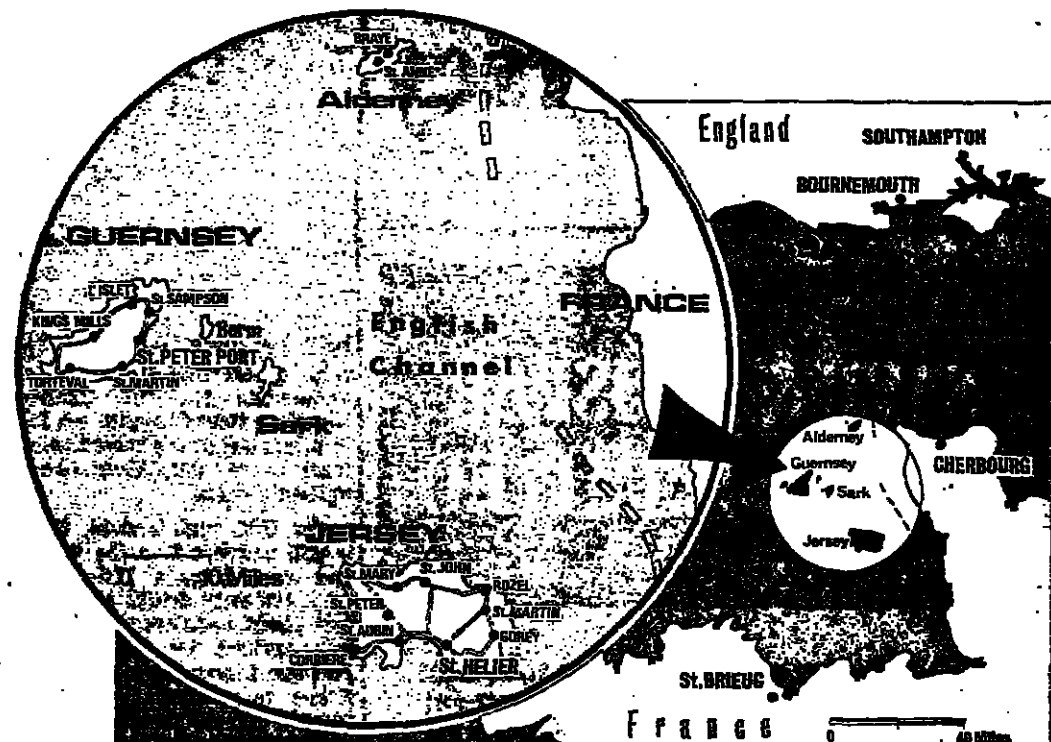
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Following a rapid increase in commercial property development Jersey has introduced plans to control future expansion and Guernsey is considering whether to introduce similar legislation.

Property development

IN 1972 and 1973 the Channel Islands witnessed an explosion of commercial property development. It came with the settlement of the islands' EEC position, and with the rapid expansion of the off-shore finance industry.

Since 1972 smart new office blocks have blossomed both in St. Helier and St. Peter Port. Most contain lifts, double-glazing, air-conditioning, central heating, private basement car parks, ground-floor shops, and a few residential flats.

The current asking price for rents is around £3.50 per sq. ft. (per annum) although some developers—in spite of the apparent excess of supply over demand—are hopefully looking for 24 or more. Generally leases are for 21-year terms with three-yearly revisions.

Much of the development, which is still apparent in each island capital, has been speculative, but a proportion, including a £4m. banking hall by Rothschild and Hambros in Guernsey, has been undertaken by finance institutions for their own use. Some, such as the Slater, Walker (Jersey) building, are associated with investment policies. Slater, Walker has, in fact, assembled one of the largest portfolios of commercial and industrial properties in the islands with the as yet unfulfilled object of offering islanders a chance to buy shares in Property Investments including 73,000 square feet of Channel Islands holding square feet of car-parking space. £2m. 25p shares.

Commercial and public works projects apart, the islands' hard-pressed building industries moved first to introduce controls. They came into force in 1974, in the shape of a 2,000-in Guernsey—were also unique Regulation of Under-occupied in 1972-73 to luxury housing developments and controlling existing businesses versions, along with hotel and guest house extensions. In Guernsey there was additional from the Finance and Economy interest in self-catering omics Committee.

Continued on next page

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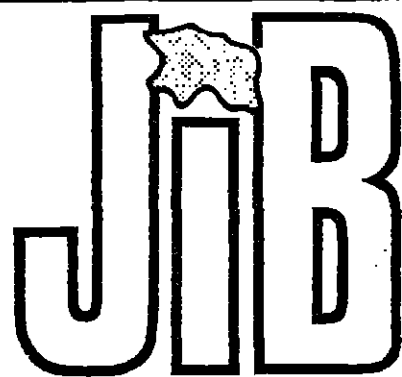
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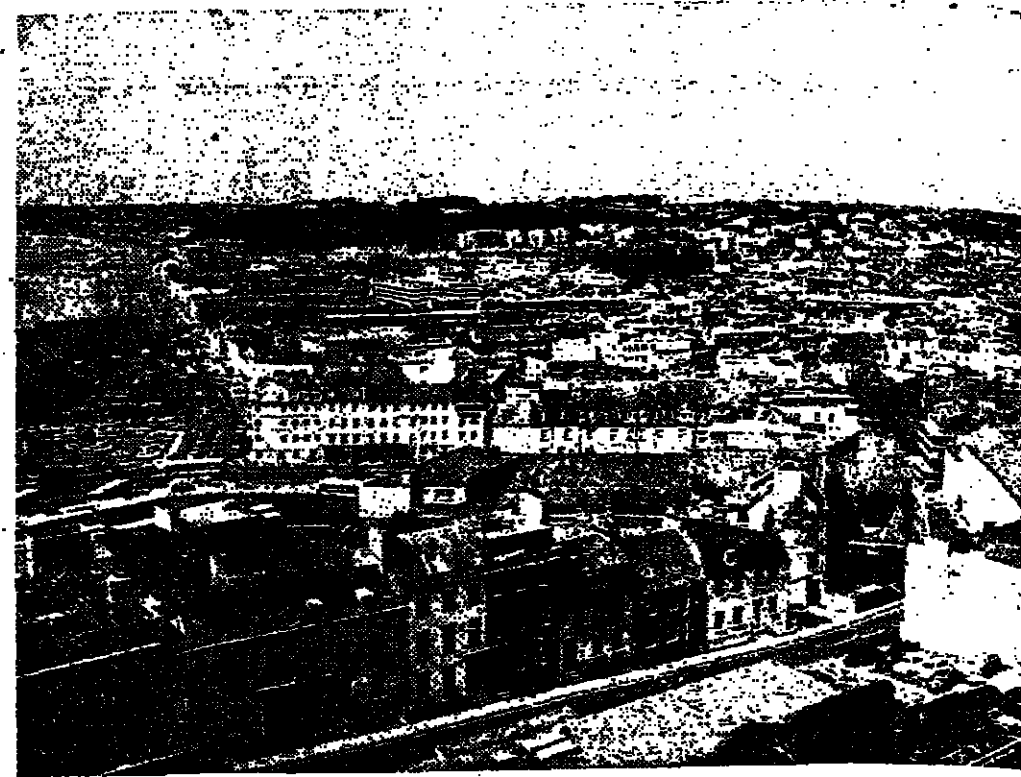
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CHANNEL ISLANDS II



The yacht marina at St. Peter Port in Guernsey.



St. Helier in Jersey.

The decline in the value of the pound has made the Channel Islands even more attractive for the British holidaymaker. And as well as this more and more overseas visitors are coming to enjoy the islands' cheap goods.

A broader tourist base

IF ANYTHING, the fall in the value of sterling is tending to underwrite for the Channel Islands a tourist season set fair to break last year's record, when there were something like a million visitors.

For U.K. mainlanders, the £ is still worth a £ in the islands and even gains a little uplift from low-duty drinks and VAT-free goods made even more helpfully priced by Mr. Healey. Package tourists are not liable, either, to a surcharge to compensate for the downward slide of British currency.

The rate of exchange makes the islands seem better bargains than ever to Continental and Manx visitors. The French hop over to Jersey for the day simply to stock up with everything from liquor to clothes and household goods. In the first quarter of this year the island had 8,332 French visitors against 4,759 for the corresponding period of 1974.

The tourist authorities, however, have no illusions about the problems lying ahead for an

industry expected this year to be worth about £50m. in Jersey and at least £15m. in Guernsey. Traditionally, the Channel Islands are "the British holiday abroad" and by far the bulk of the trade still comes from the U.K. To-day's sunny picture could quickly cloud over if widespread unemployment hit Britain.

Markets

Increasingly, and with some success, the islands are seeking to expand their markets on the Continent while recognising that the lion's share must still come from Birmingham and Manchester rather than from Paris and Brussels. Says Mr. Leslie Reblundine, Jersey's chief tourism executive: "More and more we are realising the dangers of having all our eggs in one basket."

In 1974 Jersey attracted some 180,000 foreign visitors—double the number that came four years ago. Non-U.K. tourists to Guernsey are now reckoned to account for about 15 per cent of

the total, and the island is aiming for a target of 25 per cent by 1977.

Guernsey is even sounding out the Scandinavian market. Some 25,000 brochures in Swedish have been printed, and last month Mr. Michael Walden, director of tourism, made an exploratory trip to Sweden, Norway and Denmark.

Meanwhile, a tentative once-a-week flight direct from Amsterdam to Jersey has been stepped up over recent years to twice-weekly services to both Jersey and Guernsey, and this year a direct weekly flight to the islands from Düsseldorf has been introduced.

The bid for Continental traffic is in line with the islands' policy of trying to woo an up-market type of tourist with more money to spend than the small guest house holidaymaker who was once the industry's bread and butter.

The strategy is also to go for a longer season through development of conference trade and the short, winter-break

holidays in the islands now being increasingly promoted by tour operators, the airlines and British Rail.

The fact that Jersey and Guernsey are catering for more visitors every year despite a decline in the number of tourist beds in the islands shows how successfully the load is being spread. The bed loss has been mostly due to small hotels and guest houses being sold as private accommodation. Since 1968 Jersey has lost 1,000 beds because 150 establishments have dropped out; many of them now house bank staff.

Guernsey has also had a steady loss of beds and the Tourist Committee is anxious to see two or three new first-class hotels built, but so far moves in this direction have been frustrated by planning problems, financial difficulties and opposition from local residents.

The conference trade, however, should get a shot in the arm next year when Beau Sejour, a £2m. leisure centre on the outskirts of St. Peter Port, is scheduled for completion. It includes amenities for small and medium-sized conferences.

Plans for a major conference centre at Jersey's Port Regent leisure complex were dropped after escalating costs had forced a rethink of the whole scheme. The partly completed development was eventually given the go-ahead, and the complex is now expected to be finished by 1977 at a cost of £54m. Meanwhile, a private conference centre is being built at Jersey's Hotel de France.

Encouraged

Self-catering accommodation now accounts for about a sixth of Guernsey's tourist beds and hotels are being encouraged to include such units in new developments. This situation is somewhat envied by hoteliers in Jersey, where government policy is against development of self-catering flats and chalets because of the island's acute housing shortage.

With the cost of living in the Channel Islands running at about 4 to 6 per cent higher than in the U.K., local hoteliers are looking for new patterns of catering to prevent tariffs soaring beyond tolerance point for British visitors.

As it is, hotel rates in the islands have gone up by 20 to 30 per cent this season. A

leading Jersey hotel owner went into a huddle over his desk calculator recently and worked out that if costs continued to rise by 20 per cent a year his present charge of £12.40 a day would be £31 a day by 1980.

In this inflationary situation hoteliers are understandably nervous about the amount of crystal ball gazing necessary when fixing tariffs for the coming season, especially since information for the official tourist guides has to be supplied by October.

Informed

In Guernsey establishments are allowed to raise charges at any time as long as holiday-makers are informed of the increase when they book, but up to this season Jersey's prices have been "pegged" for 12 months ahead. This year Jersey has compromised by letting hoteliers show in the guide a possible mid-season increase.

Guernsey hoteliers are now pressing for a relaxation of the tourist law provision that licensed establishments must offer full board. They want to be free to quote half board or bed and breakfast terms, arguing that this would go a long way towards easing to-day's costing problems.

A marked trend in Jersey has been for tour operators to buy or lease their own hotels. The locally based Travel International has just bought its seventh unit, giving it control of more than 500 beds. Gala Holidays and Preston Travel are two other operators who have invested heavily in Jersey hotel properties.

Partly as a counter to this trend nine leading Jersey hoteliers have gone into the travel business by setting up their own tour operation, Viking Travel.

New thinking is also being applied to air and sea links. Whatever subterranean grumbles there are in the islands about the whip-hand held by "monopolies," the fact is that British Rail, British Airways and British Island Airways are vital to them because they operate all the year round.

British Rail introduced a drive-on car ferry service from Weymouth to Jersey in 1973, and to Guernsey last year. It is considering a different shape of service to the Channel Islands for next year, linking them with Cherbourg and St. Malo through the multi-purpose

vessels Caledonian Princess and Earl Godwin. The latter, a former Swedish boat, was bought for £31m. and is expected to be in service by October after modifications have been carried out.

British Airways is gradually phasing out the now ageing Viscounts used on the Channel Islands run. So far Guernsey's government has banned the use of jets.

Says Mr. A. J. West, British Airways manager in the Channel Islands: "It is inevitable that we will eventually replace Viscounts by jets. We are bringing more of them, such as the BAC 111-400 series, operating from Birmingham and London—into Jersey at week-ends this year already. As far as Guernsey is concerned we are looking closely into the situation to find a solution suitable for the island."

In April, the locally based Aurigny Air Services, largest user in the world of British Norman Trislander aircraft, carried its millionth passenger since it began operating in 1968. Its inter-island network—Jersey, Guernsey and Alderney—also takes in Southampton and Cherbourg.

Controlling interest of Jersey's Intra Airways was recently acquired by a South Wales group of companies. This year, the airline is operating scheduled services from Jersey to St. Brevin, Cambridge, Ostend, Dinard and St. Brieux, as well as charter trips to France.

Willa Murray

Property

CONTINUED FROM PREVIOUS PAGE

At first the regulations applied to projects involving 500 square feet or more but later this was reduced to 100 square feet, in effect extending control over virtually all business expansion and new development. There were two primary objectives—the reduction of the rate at which new job opportunities were being created, and the diversion of projects such as housing, schools and hospitals.

In April this year a report covering the first 12 months' operation of the law was published. It disclosed that the committee had received 152 applications from businesses wanting to expand, or from new enterprises. Of these only 17 were refused licences including six shops, two offices, a wine-bar and two workshops.

In addition, there were 197 applications for commercial development licences involving projects together worth over £17m.—of which 145—worth £9.7m.—were approved. Another £3m. worth of developments were placed on the "active" file, and 35 applications were refused. This involved estimated development costs of £4.2m. and included 26 luxury house projects and seven speculative commercial developments. The report adds that because of the "general economic climate" not every approved project could be expected to materialise.

Benefit

Mr. Colin Powell, Jersey's Economic Adviser, said: "Clearly the law, and the financial situation during 1974, has had an impact. Certainly in the last six months the States have seen the benefit as regards better tendering. At one time only about two builders were coming forward, recently the figure has risen to eight or nine."

Also during 1974, four St. Helier developments providing between them a total of over 70,000 square feet of new office space were completed and either let or sold to joint stock banks. Ernest Wolfgang Brauch,

These included two projects of 40,000 sq. ft. and 8,000 sq. ft. for AIP (Jersey) and Urbes Securities, and a 20,000 square foot project for Sheraton Securities.

Mr. A. J. "Tony" Williams, of William A. Bull & Co., the negotiating agents, said: "I estimate there is still some 150,000 square feet of office accommodation available or in the pipeline in Jersey and until this slack is taken up it would seem pointless to build more. Certainly, unless they are a hundred per cent project, speculative office developments are right out now."

Along with a growing body of professional opinion in Jersey, Mr. Williams believes that an "easing" of the regulations must come. Builders, architects, estate agents have all complained that 1974 was a "poor year" although wholesale bankruptcies predicted before the introduction of the law have not transpired. However, house sales at 1,400 in Jersey last year were 150 fewer than in 1973, and expensive properties once priced at around £100,000 have tended to drop by as much as £25,000.

To date Guernsey's developers and builders have escaped Jersey-type controls, although it is officially admitted that similar legislation is "being considered."

Curiously, in view of the concern expressed in 1973, no government department has up-to-date statistics. However, reliable estimates put the amount of commercial property currently available in Guernsey or in the offing at around 200,000 square feet including at least three sites where work recently started.

The largest development, due for completion this autumn, is a 32,000 square foot office/shop project at the South Esplanade, St. Peter Port. Like another

recently convicted at the Middlesex Crown Court on a currency smuggling conspiracy charges. Almost all Mr. Brauch's holdings appear to have been taken over by creditors including Twentieth Century Banking of Brighton, one of the largest. However, instructions regarding the S. Esplanade project are being given via Provincial & Northern Finance.

Centres

The remaining Guernsey developments under way and partly let are by local companies including the Guernsey Gas Light Co. (28,000 square feet), Commerce Holdings (24,000), Channel Island Hotels and Properties (14,000), Harbourside (15,000) and Egavus (15,000 in 6 separate projects).

Mr. Graham Nugent, managing director of Egavus, said: "In the past two months there has been a revival of interest from both prospective tenants and investors. But the big question still is—who will occupy all these offices?"

One hope is that existing businesses, in particular the banks, will expand. Another is that more European, Middle East, and Far East companies will show interest in the islands as off-shore finance centres.

Even so, with their strict controls over economic growth and immigration, the islands may have to accept empty offices as a feature of the local scene for many years to come. No problems, however, are envisaged over filling shops and the limited amount of industrial property available.

Meanwhile, in spite of the cost put at £10,000 per bedroom, at least one Guernsey company is planning a new purpose-built hotel. If it materialises it will be the first in Guernsey, although not in Jersey, since before the last war.

Bob Baker

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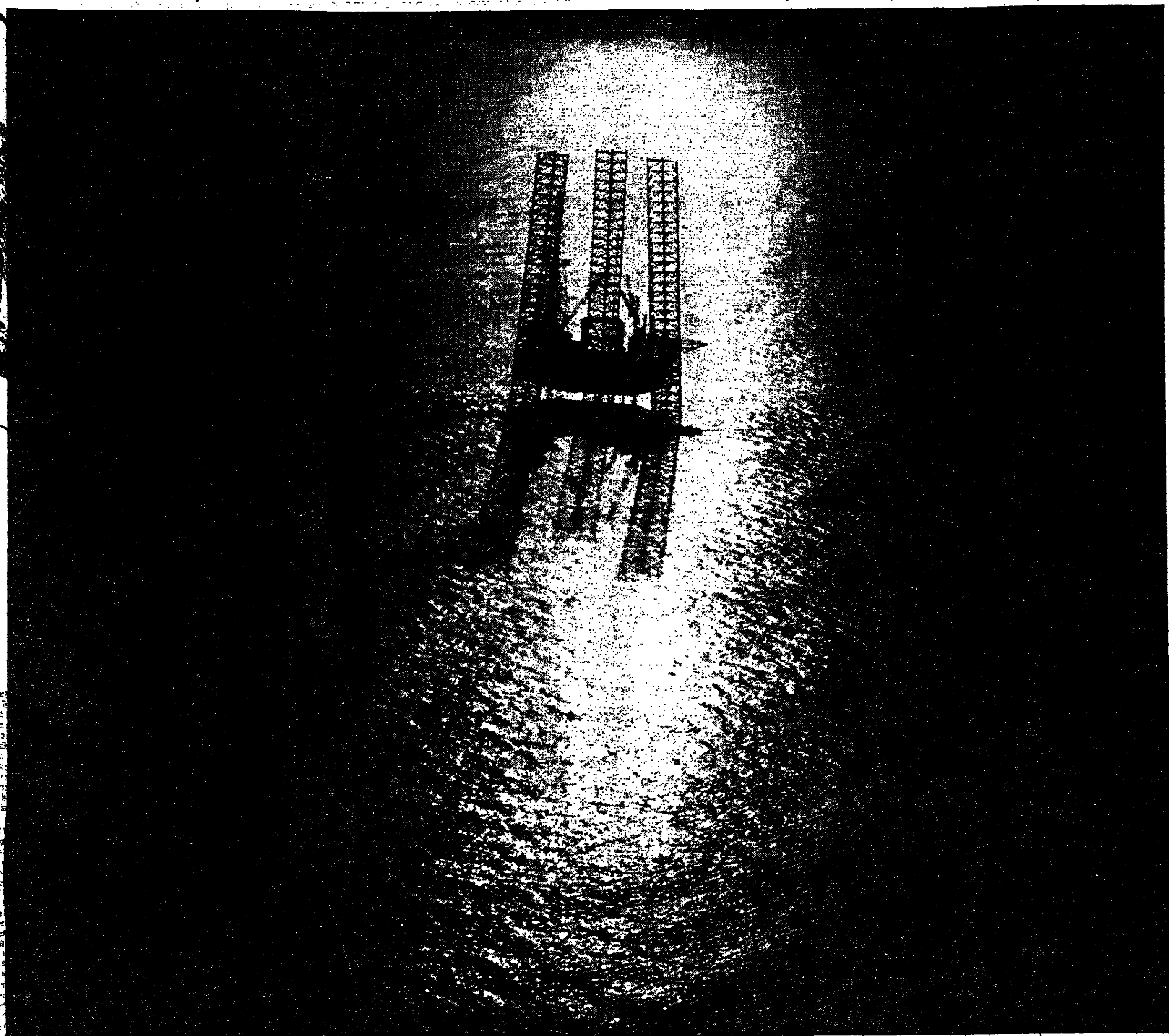
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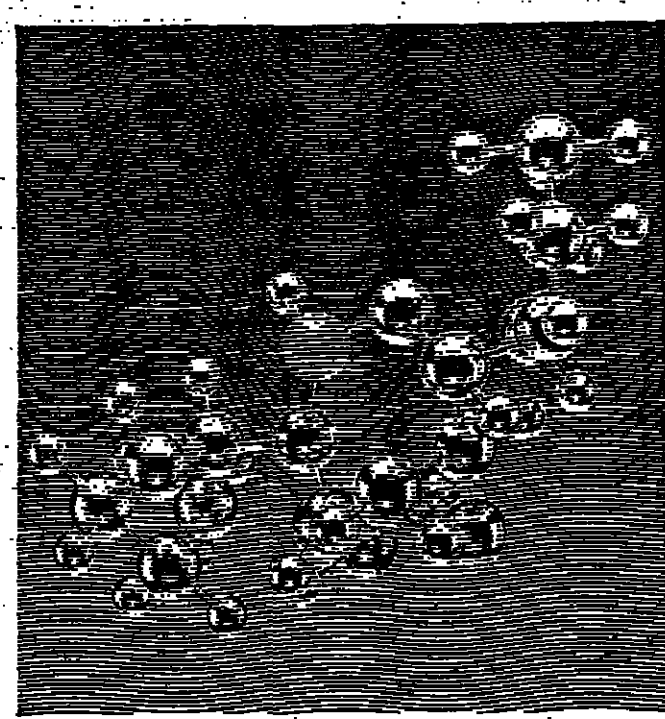
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CHANNEL ISLANDS IV

In dealing with industrialisation, problems of land and housing oblige the authorities to pursue a highly selective policy. But within these limits a useful mix of light manufacturing has grown up to supplement the islands' revenues.

Varied range of industry



A laboratory at Television Research's factory in Jersey is part of the Redifusion group.

ONE OF THE less publicised sides of the Channel Islands is that they export close on £20m. worth of manufactured goods annually to markets all over the world—a not insignificant contribution to the sterling balance of payments for a community of 125,000 people with virtually no natural resources.

Inconspicuously sited away from the holiday beaches and beauty spots of Jersey and Guernsey is a surprisingly varied range of light industries producing everything from electronic equipment and aero engine parts to knitwear and cuddly toys.

Companies that have set up plants in the islands (they include RCA, Tektronix, Redifusion, Eurotherm, Dimplex and Abrasives International) find that local conditions are pleasantly conducive to businesslike operation. It is not just the helpfully low and simple corporate taxation, but also the lack of red tape and the ready access to government departments, which make for quick decisions and unhampered concentration on the job in hand.

In fact, though there are inevitable insular disadvantages such as added freight costs, the Channel Islands, especially with their proximity to France, have enough to offer to have attracted many more new industries in recent years had they wished.

But the need to keep the right economic balance in communities where land and housing are in short supply, and where constraints are now being put on population growth, has led to a highly selective policy. Even in Guernsey, which is seeking new industry more actively than Jersey, only about one in 10 applications gets official encouragement.

Apparent

Mr. Colin Powell, Jersey's Economic Adviser, says that though the island government never gives "a blanket No" to any proposition, the benefits have to be very apparent for a new industry to be welcomed in Jersey. "We would not be enthusiastic about a firm that needed to import a lot of technical and managerial staff. We would look much more favourably on one that provided training and job opportunities for local people, especially males. Economically the criterion is that an industry should generate high profits—and so good tax payments—in relation to the manpower and resources it uses up."

In Guernsey, where much the same rules are applied though perhaps rather less rigorously, an incoming industry is expected to employ 20 local people for every worker imported. Both islands have become in-

creasingly strict about the occupation of local houses or flats by newcomers, and a very convincing picture of the housing situation obtained housing permission for an imported "essential worker". Even then, in Jersey, he is not allowed to buy or lease the accommodation in his own name—it has to be company property. Says Mr. Stanley Hill, live with, and RCA itself is managing director of RCA just embarking on an expansion programme that should double its exports this year to nearly

£5m. with the absolute minimum of imported expertise. Mainly concerned since it moved into Jersey nine years ago with making video tape recorders, the company is now going into the international market with a portable colour TV camera which was shown at the recent Montreux Television Symposium. An associated development is a very compact mobile studio housed in a 3-ton van and incorporating the new wide Redifusion spot-music camera and a mini video tape recorder.

RCA Jersey has succeeded in mounting this project with only one imported key man, an experienced camera engineer from the U.K. In addition, one of its own technicians has been sent to the U.S. for training. Between them these two will train all the other staff needed.

By 1980 RCA Jersey expects the value of its exports to reach £12-£14m. a year. But, again, Mr. Hill sees it as a gradual build-up with the present staff of around 100 rising to 140/150 over the period.

RCA is one of upwards of 25 companies—not all of them exporting—concerned with factories on Jersey's industrial estate at Rue des Prés. The estate is now practically full, but there are plans to sell a remaining one-acre site for development as a multi-unit factory that could house a number of small industries.

Few people in Jersey realise that there are aero engine test beds at Rue des Prés. They are operated by a unique enterprise built up by Mr. Charles W. Evans—Aviation Jersey, which services Rolls-Royce aero and industrial engines for users throughout the world. There are few airlines or air forces that have not been customers of this company at some time or other.

Now Aviation Jersey, which has its main plant at La Haule in St. Brelade, is diversifying into the humanitarian field of medical engineering, starting with a new type of outdoor chair for the limbless and disabled, that has already created international interest. A sophisticated electronic aid that took 18 months to develop, the chair is the brainchild of one of Britain's leading aircraft hydraulic engineers, Mr. Alfred Barker—now retired to Jersey—backed by the company's aero engineering team.

The Channel Islands' most self-sufficient manufacturing operation is almost certainly a local subsidiary of the 1973 Queen's Award winner, Eurotherm, is now producing assemblies for its U.K. parent company in a 13,000 square foot factory employing 50. The Dimplex group has a local plant and the U.S. Stander International is to set one up; there is also the possibility of Parsons Chain opening a £1m. factory next year.

Meanwhile, another new Guernsey venture, Universal Packaging—an offshoot of Lonsdale Universal—has given the Channel Islands its first polythene factory. To the gratification of Guernsey's authorities this promising industry was launched without importing any outside staff at all.

Edward Owen

Having scored a considerable success in building up their financial communities, the main islands are now looking to a period of consolidation with perhaps quieter growth.

High financial skills

THE ISLANDS have achieved the first objective in their comparatively new career as an international centre where banking and financial services can flourish in the sparkling climate provided by low taxation policies and minimum state interference. They have won for themselves, during the decade or so that they have been in the tax haven game seriously, a first-class international reputation among all who value and need such services.

First and foremost they have political stability of a high order when comparisons are made with their competitors. Neither revolution nor invasion is likely to cheat depositors who choose to trust to these mid-Channel strong-boxes. They can also out-play most of the opposition among rival tax havens when it comes to regulating their deposit-taking institutions to guarantee high standards of professional conduct.

There is a general feeling of gratitude among the Jersey and Guernsey financial communities for the willingness and activity shown by the legislatures of both States to set standards and to monitor financial practices closely. Such care has proved good for business in the long-run. And there is a widespread comfortable feeling that the few rotten apples which did manage to get in the basket have now been spotted and tossed out.

The immediate problem facing the financial sector is "Where do we go from here?" Are the Channel Islands to progress towards the rule of a mini-Switzerland? Or is the whole operation likely to remain strictly limited to serve the special needs of a sector of the international financial business by being just a tax haven—albeit of a most superior type?

Strained

The question is pertinent and it is too early to give a definitive answer. The islands seem agreed upon one tactic which will govern development in the short-term. They do not want a great many more banks and other deposit-taking institutions. Jersey has some 30 and Guernsey more than 40. That it is felt by the politicians and administrators is almost enough. Otherwise the physical resources of these small territories are going to be strained by accommodating bankers and their families. A few more licences will certainly be granted. But they are likely to be for banks which represent areas of the world where the Channel Islands are not, at present tapping business.

Ideally both the islands' banking communities will provide truly world-wide networks for pipeline funds into the islands for deposit, and for the management of trust funds. So far they tend to be strong in the former sterling areas and under-represented in the New World and, indeed, in Europe. Some influential people believe the first priority is, in fact, to interest the Europeans much more in the services offered by the islands. The special relationship with the Common Market given the islands by Britain's membership has not brought the financial business from Europe that had been hoped for.

There is some puzzlement on the islands that the French are not making more use of these facilities within sight of their

shores. However, one banker, more cynical perhaps than some of his fellows, put it to him "What do the French need with a tax haven? They never give a thought about paying their taxes."

When it became known that under the new Finance Act people moving from the U.K. to live in the Channel Islands would not escape liability for capital transfer tax a wave of alarm was felt on the islands. Sensitivity towards the islands' complicated and delicate relationship with Britain is one of the hallmarks of the whole taxation operation. Was this the beginning of the end of the islands' special position?

In retrospect the CTT alarms and excursions can be looked upon as a nine-day wonder. Mr. Healey's action is not expected to have more than a slight impact upon the overall financial scene on the islands. It will certainly deter some wealthy people from retiring there. But the islands have been enjoying more applications from the wealthy to be allowed into the club than they can comfortably cope with. CTT will not deter, for instance, people with high earning power who want to live on the islands to enjoy the low taxation and absence of death duties.

The main impact of the CTT proposals upon the islands appear to have been in the publicity they have received round the world. Mr. Healey has implanted among some potential investors overseas just a tiny idea that the British government might be more closely involved in financial business placed with the Channel Islands than some investors would appreciate.

Thus the state and extent of connections between the island authorities and banks and the British authorities is currently a favourite talking-point in St. Helier and St. Peter Port whenever two or more financial men are gathered together. Recently there was a financial conference in the islands at which a Bank of England official volunteered to answer questions. A stream of probing inquiries resulted as bankers let loose their uncertainties about what the Bank might now tell the Island Revenue.

The Bank of England line was quite firmly that the Bank does not tell the Revenue anything that the other cannot learn about Channel Islands accounts in the course of business. That seems to be the truth of the matter. It is, of course, the task of the islands' bankers to convince their clients that it is so.

The Bank of England now holds "clinics" in Jersey and Guernsey once a fortnight at which any banker can raise any question concerning clients' business in complete confidence. By the very nature of the offshore finance game the questions being put to this clinic, and the proposals for new forms of trusts, etc., are becoming ever more convoluted.

The total money on deposit through the islands' institutions—and most of it transmitted thereafter to the London markets—now totals some £1,400m. The total assets handled and managed by the islands' financiers on behalf of clients is a figure never yet calculated with any certainty. But it certainly runs into thousands of millions of pounds. Every sign is that the funds will continue to flow in and the trust business will continue to grow. But business may be harder to win. Few financial men in the islands expect the next ten years to give them growth like the last ten. Indeed, with the limited resources available—staff, offices, communications, etc.—most would not want it.

Upsurges

Rather, the islands' banking communities are now in general looking forward to a period of slower growth but active consolidation. Meanwhile they foresee quite rapid upsurges in business with Europe and those areas of the world which have not so far been properly covered by the islands.

The process of consolidating the financial businesses of the islands has already begun. Evidence of this is the way in which banks and other institutions are tending to specialise into favoured lines of business and to acknowledge each others' specialisations. For instance, Slater, Walker (Jersey) is very strong on local lending (the company has turned in profits of more than £0.5m. before the Jersey 20 per cent. taxation). Some other banks, by contrast, never look at the local market and are entirely concerned with clients on the other side of the world. Yet others are developing specialisations in such areas as Euro-dollar trading.

Ultimately the future over CTT may be seen to have done some good for the Channel Islands. It has served to bring to the forefront the fact that the Channel Islands' financial structure is not nowadays for the simple purpose of providing a bolt-hole for wealthy tax avoiders. The financial machines now operating in Jersey and Guernsey embrace all the skills that are required of a major financial centre. The target of being a mini-Switzerland, to which some aspire, may not be so remote after all.

Roy Hodson

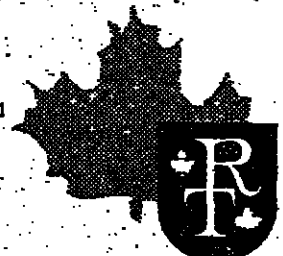
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